

**FIELD HEARING ON TRADE IN AMERICA:
AGRICULTURE AND CRITICAL SUPPLY CHAINS
- KIMBALL, MINNESOTA**

HEARING

BEFORE THE

**COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES**

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

JULY 10, 2023

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United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

FOR IMMEDIATE RELEASE
June 30, 2023
No. FC-12

CONTACT: 202-225-3625

**Chairman Smith Announces Field Hearing on
Trade in America: Agriculture and Critical Supply Chains – Kimball,
Minnesota**

House Committee on Ways and Means Chairman Jason Smith (MO-08) announced today that the Committee will hold a field hearing titled “Trade in America: Agriculture and Critical Supply Chains – Kimball, Minnesota.” The hearing will take place at **2:30 PM on Monday, July 10, 2023, at Schiefelbein Farms** in Kimball, Minnesota.

Members of the public may view the hearing via live webcast available at <https://waysandmeans.house.gov>. The webcast will not be available until the hearing starts.

In view of the limited time available to hear the witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record can do so here: WMSubmission@mail.house.gov.

Please ATTACH your submission as a Microsoft Word document in compliance with the formatting requirements listed below, **by the close of business on Monday, July 24, 2023**. For questions, or if you encounter technical problems, please call (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee.

The Committee will not alter the content of your submission but reserves the right to format it according to guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Please indicate the title of the hearing as the subject line in your submission. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

ACCOMMODATIONS:

The Committee seeks to make its facilities accessible to persons with disabilities. If you require accommodations, please call 202-225-3625 or request via email to WMSubmission@mail.house.gov in advance of the event (four business days' notice is requested). Questions regarding accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the Committee website at <http://www.waysandmeans.house.gov/>.

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1 FIELD HEARING ON TRADE IN AMERICA: AGRICULTURAL AND
2 CRITICAL SUPPLY CHAINS
3 Monday, July 10, 2023
4 House of Representatives
5 Committee on Ways and Means
6 Washington, D.C.

7 The committee met, pursuant to call, at 2:39 p.m., at Schiefelbein
8 Farms Sale House, 35232 732nd Ave, Kimball, Minnesota, 55353, Hon.
9 Jason Smith of Missouri [chairman of the committee] presiding.

10 Chairman Smith. The committee will -- the committee will come to
11 order.

12 Without objection, the gentleman from Minnesota, Pete Stauber, and
13 the gentleman from Minnesota, Brad Finstad, are authorized to participate
14 in the hearing and ask questions.

15 The Ways and Means Committee is in Kimball, Minnesota, for our
16 fifth hearing in local communities to hear directly from America's farmers,
17 ranchers, and mining communities about how America's trade policies
18 affect their daily lives and what Congress can do to make trade work better
19 for their families.

20 America is only 6 percent -- America is only 6 percent of the world's
21 land mass and we make up just 4 percent of the global population. Yet,
22 America's farmers are so productive that they do more than anyone else to
23 feed the world.

24 Opening new markets for farmers and ranchers to export more
25 products is critical to their survival. We are blessed not only with
26 productive farmland but also with a wealth of natural resources. Nowhere
27 is that clearer than Minnesota, which has one of the nation's largest cobalt
28 reserves like my home state of Missouri.

29 Yet, while America currently produces no refined cobalt China
30 continues to expand its grip on this critical mineral, currently producing 72

31 percent of the world's supply.

32 In fact, an investment firm of which Hunter Biden, the President's son,
33 was a founding member helped facilitate a Chinese company's purchase of
34 one of the world's richest cobalt mines located in the Democratic Republic
35 of Congo.

36 On top of that, the administration made it harder to produce important
37 metals in America last year when it cancelled to two federal hard rock
38 mineral leases to produce copper, nickel, and other precious metals here in
39 Minnesota.

40 Instead of reducing America's near total dependence on China for
41 practically every critical mineral the Biden administration has made policy
42 choices that double down on this reliance.

43 While shutting down critical mineral production here the Biden
44 administration goes around Congress to sign dubious trade agreements that
45 keep America dependent on foreign supply chains.

46 Billions of American tax dollars are going to the Chinese Communist
47 Party to build electric vehicles while Americans are blocked from mining
48 and refining the components required to build those same vehicles.

49 Right now farmers are being hurt because trading partners are not
50 abiding by their commitments. Mexico's unscientific ban on American
51 corn, China failing to meet its commitment to purchase more American

52 agriculture products, or Canada blocking American dairy are just a few
53 examples.

54 All our trading partners must be held accountable. Nontariff barriers
55 exist against U.S. Ag exports across the globe and only serve to harm the
56 very farmers representative here today.

57 The Ways and Means Committee will continue to urge the Biden
58 administration to enforce USMCA and the Phase One agreement and tear
59 down unfair trade barriers. American farmers are the best in the world and
60 need new markets to sell their crops.

61 The Biden administration must build on USMCA and work with other
62 countries to open these new markets. We know, just to name a few, there
63 are today barriers to market access for U.S. beef, pork, and poultry
64 including in the United Kingdom, Taiwan, and other parts of Asia.

65 The EU continues to even try to own the market for generic cheeses
66 like Parmesan and feta by trying to limit access for U.S. dairy products.

67 Given a level playing field, I know that our farmers can compete and
68 win against any competitor. Fake trade agreements that lack the force of
69 law like those that the administration has been pursuing set up American
70 farmers and miners for financial ruin.

71 The Constitution gives Congress authority over trade because we are
72 the branch closest to the people who are impacted most by our trade

73 policies. There is no substitute for enforceable congressional-approved
74 trade agreements for the long-term prosperity of our farmers.

75 Congress will continue to assert its authority over trade given to us in
76 Article One of the Constitution and we will use this authority to protect the
77 interest of family farmers and ranchers on the world stage.

78 I am glad we are joined today by our witnesses who represent
79 America's farmers and ranchers, including dairy farmers and our host,
80 Schiefelbein Farms, as well as an expert in critical minerals.

81 This committee wants to hear from everyone here today as well.
82 There will be notebooks passed out in the audience for everyone to share
83 with us your concerns and ideas.

84 We will enter those into the official hearing record and take those back
85 with us to Washington as we consider how to protect farmers and secure
86 our supply chains.

87 I want to thank our witnesses for taking the time away from your
88 farms and your families and your work to share your stories of trade in
89 America.

90 I am now pleased to recognize the gentlelady from California, Ms.
91 Sanchez, for her opening statement.

92

93

94 Ms. Sanchez. Good morning to members of the committee and our
95 witnesses and thank you for joining us in Kimball, Minnesota, for today's
96 trade hearing on agriculture and critical supply chains.

97 Our farmers, miners, engineers, and scientists here in Minnesota and
98 across the country evoke the possibilities, progress, and potential that the
99 American dream can offer.

100 As a member of this committee and as a member of the Trade
101 Subcommittee I recognize the crucial role that trade plays in providing
102 livelihoods for American farmers and workers employed in the food
103 industry.

104 Across the country from California to Wisconsin, Iowa to South
105 Dakota, the agricultural sector's workforce has become largely dependent
106 on migrant and seasonal workers. Farm workers often suffer poor working
107 conditions and a complicated visa process, and I know that that issue is not
108 only a challenge for farm workers but also for those who employ them.

109 Over the past year my office has met with farm groups advocating for
110 reforms to our immigration laws to allow more farmers to work here legally
111 and greater market access for their goods and services.

112 New market opportunities for American agriculture does not just
113 translate into economic gains for farmers and their families here but it also
114 provides greater choices in global consumer goods and reduces food

115 insecurity in our partner countries.

116 The bottom line is that our farmers do not just feed us, they help feed
117 the world and their impact reaches far beyond just our shores. To ensure
118 our farmers and workers benefit from the trade agreements Congress has
119 approved the United States must make sure that our trading partners are
120 living up to the commitments that they have made in these agreements.

121 Committee Democrats played a critical role in the renegotiation of the
122 United States-Mexico-Canada agreement, the USMCA, and I just want to
123 remind all of the members on this committee that as a result of our efforts
124 the trade agreement we have with two of our closest trading partners now
125 includes enforceable provisions. Those were provisions that we fought
126 very hard to make sure were inserted into that agreement.

127 The Biden administration has used the tools Congress granted to
128 enforce the agreement so that our workers and farmers can compete on a
129 level playing field.

130 In my home state of California our farmers know what it means to
131 play a critical role in feeding the nation. Farmers in California grow over
132 400 different crops making it the state and the country's largest producer and
133 exporter.

134 However, the sheer scale of production in the United States has also
135 contributed to our current climate crisis. Despite the cutting-edge

136 approaches that farmers across the country are utilizing including here in
137 Minnesota the sector is still responsible for 10 percent of greenhouse gas
138 emissions nationwide.

139 In both the agriculture and critical mineral sectors we face some of our
140 greatest challenges to date. How do we enhance and increase sustainable
141 environmental practices as we work to keep domestic production in both
142 sectors strong? And it does not have to be an either/or proposition. It is a
143 matter of balance.

144 Scaling up supply to meet demand without ensuring companies meet
145 environmental regulations and governments do their part to protect
146 biodiversity could result in more environmental disasters.

147 These disasters even pose a great threat to critical mineral supplies
148 themselves. California is home to one of the largest untapped lithium
149 reserves in the world close to the Salton Sea. Experts have likened it to
150 another gold rush as these reserves could power nearly 100,000 homes.

151 This critical mineral is also essential for making EV batteries. Last
152 year House Democrats successfully prioritized domestic sourcing of critical
153 minerals like lithium for EV batteries in the Inflation Reduction Act. That
154 is why companies are vying to extract and begin commercial production in
155 the Salton Sea.

156 Their intent is to prove that they can pull lithium out of 600-degree

157 brine in a way that is more environmentally friendly than any other country
158 leading lithium production today.

159 While the technology is unproven so far, I am hopeful that this
160 carbon-free geothermal energy, which avoids current environmentally
161 degrading mining techniques, will push the industry into the 21st century.

162 I look forward to hearing from our witnesses today to learn more
163 about how Congress and this committee can continue to make our supply
164 chains more resilient and support these key industries and the workers in
165 them.

166 Thank you, Mr. Chairman. I yield back.

167 Chairman Smith. Thank you, Ms. Sanchez.

168 I am pleased to introduce the young lady who brought us all the way
169 to Minnesota, Mrs. Michelle Fischbach, a proud member of the Ways and
170 Means Committee. You are recognized for your opening statement.

171 Mrs. Fischbach. Thank you very much. Thank you very much to the
172 chair for coming out to Kimball and I just want to say to all of the members
173 welcome to Kimball and we are so glad that you are here to see our
174 beautiful state and hear from the impressive panel we have put together,
175 and I do want to say thank you so much to Don and to Frosty and to the
176 whole Schiefelbein family for hosting us and I know that Big Frank is here
177 in spirit and he would be thrilled to have us here and so we will think about

178 him today, too.

179 And I just -- you know, I am so excited that that they are out here
180 because they really do -- it is important that we get out on the road and hear
181 from everybody and this is our fifth -- I believe you said our fifth
182 committee hearing on the road and so I am excited to have them here so
183 that they understand better about what is going on here in Kimball and
184 around our district.

185 The Land of Lakes is a top five agriculture producer in the country
186 and a leader in developing market access for the crops we grow. We also
187 have mineral deposits that have helped build the national highway system
188 and win world wars. Our state is well positioned to build our future with
189 what lies beneath our feet.

190 Through this committee Congress is pushing for more aggressive trade
191 agenda and thank you, Chairman Smith, for your leadership and for holding
192 the hearing and for your continued work and listening to the members of
193 the communities.

194 Thank you all for joining us and I look forward to discussion and
195 working towards our shared goals. And before I yield back I do have
196 several items that we have -- that we have in written testimony that was
197 presented to us that without objection I would like to enter into the record.

198 Chairman Smith. Without objection, so ordered.

199 [The information follows:]

Rep. Miller – Statement for the Record

July 10, 2023

Thank you, Chairman Smith, and Ranking Member, and thank you to all of our guest speakers for being here today. I am excited to be back outside of Washington to learn here in the beautiful state of Minnesota, a great place to be in the summer. Congresswoman Fischbach, thank you for sharing your state with us and thank you to Schiefelbein Farms for hosting us today.

Mr. Schiefelbein, Mr. Bakk (Bock), Mr. Bold, Ms. Olson, and Mr. Wertish (Wurr-tish), I appreciated hearing your stories and look forward to understanding what lessons we can take back to Washington to make sure we are legislating in the best interests of our constituents.

It's great to be back on a family farm today. As the owner of Swan Ridge Bison Farm, a small operation in my home state of West Virginia, I have a good understanding of how government red tape gets in the way of us supplying our communities and providing for our families.

Unfortunately, this red tape is only getting more burdensome, not less. For our farmers and other producers that are looking to export their products all over the world, the Biden Administration is doing little to help make that a reality. I am growing increasingly concerned that our nation is a ship without a captain when it

comes to trade policy, as this Administration has become more focused on trade suggestions, such as the Indo-Pacific Economic Framework, than trade deals. We must open markets and provide certainty for American exporters.

That is why I am focused on ensuring the U.S. gets back to basics, and focuses our attention to real trade policy: providing market access, focusing on competitiveness, and ensuring certainty. I have advocated for the U.S. to consider renegotiating and joining the C-P-T-P-P, to make sure we are competing with China for markets across Asia.

Another place we are falling way behind the Chinese Communist Party is securing a critical mineral supply chain. Access to these critical minerals is foundational for the development of our future economy.

I represent a mining community in West Virginia that has been constantly attacked by the Radical Left. Obama's war on coal devastated the southern half of my state. To hear that Biden's continued attacks on domestic mining has stretched to the critical mineral mines in Minnesota is extremely concerning.

We must ensure we can mine more at home, and source what we can't get here from dependable allies. One example of this is titanium sponge, which is largely produced by our friends in Japan, but faces an outdated 15% tariff – putting our domestic titanium producers at a huge disadvantage to Chinese and Russian

producers. While the federal government stifles our mining communities, it is also suffocating our domestic production by starving it of competitive products.

200 Mrs. Fischbach. Thank you, Mr. Chair, and I yield back.

201 Chairman Smith. I am pleased -- I am pleased to recognize the
202 gentleman from Minnesota as well, Mr. Stauber, for his opening statement.

203 Mr. Stauber. Thank you very much, Mr. Chairman, and thanks for
204 joining us today, and to my colleagues on both sides of the aisle welcome to
205 the great state of Minnesota. As you will hear from our expert witnesses
206 we are not flyover country.

207 I want to thank you for your leadership and convening this hearing to
208 evaluate the impact of trade policies on the lives of so many Americans,
209 particularly here in our great state of Minnesota.

210 The trade of agricultural goods and minerals is so important to the
211 future of our country. We have a rich 140-year history of mining in the
212 Iron Range located in northeastern Minnesota.

213 Mining is our past, our present, and our future. It was the miners on
214 the Iron Range that supplied the iron that built the ships, the tanks, and the
215 weapons for Americans and our allied forces during the Second World
216 War.

217 Today over 80 percent of the steel made in this country comes from
218 the taconite mined in northeastern Minnesota. Now as the demand for
219 critical minerals increases every day northeast Minnesota has an incredible
220 opportunity to make the United States a leader in the critical mineral

221 mining space.

222 But certain leaders and policy makers lack the will to make that
223 happen, forcing this country, the United States, to instead rely on global
224 supply chains controlled by Communist China, increasing our trade
225 imbalance and threatening our national security.

226 I look forward to discussing these challenges and opportunities this
227 afternoon and, again, I want to thank you for allowing us to testify and be
228 waived on the committee and I look forward to the remainder of the
229 hearing.

230 And I yield back.

231 Chairman Smith. It is always great to have other members come to
232 the best committee in Congress.

233 [Laughter.]

234 Chairman Smith. So pleased to recognize the other gentleman from
235 Minnesota, Mr. Finstad.

236 Mr. Finstad. Thank you, Chairman Smith and Ranking Member Neal,
237 for inviting me to join this important field hearing today and I just want to
238 say welcome to Minnesota.

239 And I would ask all members just to take a quick second and smell in
240 this beautiful smell of farm country. That is the smell of money. That is
241 the smell of opportunity, and we are just really thankful that you are all here

242 taking time to engage in this important conversation today.

243 I am a proud fourth generation farmer from southern Minnesota and
244 just so happy to be raising the fifth, and I understand the importance of a
245 robust trade agenda for farm country. American farmers and ranchers
246 efficiently produce the safest and most affordable fuel and food supply in
247 the world.

248 Importantly, opening and expanding markets has direct value for our
249 farmers and rural communities as well as consumers around the globe, who
250 purchase more than 20 percent of U.S. Ag production. Food and farm
251 security is national security and we must ensure America remains the
252 breadbasket for the world.

253 So I want to say thank you to our witnesses for being here today for all
254 of the great experiences that you bring to this table. I look around this table
255 and I see lifelong friends and great advocates for Minnesota farmers. So
256 thank you.

257 I look forward to hearing from you about how we can carve a pathway
258 forward while ensuring agriculture is at the table in every trade
259 conversation.

260 And with that, Mr. Chairman, I yield back. Thank you.

261 Chairman Smith. Thank you, sir. Now I would like to welcome each
262 of our witnesses for today's hearing.

263 With us today are Mr. Don Schiefelbein, a cattle producer and owner
264 and operator of Schiefelbein Farms and the host of the hearing; Tom Bakk,
265 a Minnesota minerals expert and a former state senate Democrat leader;
266 Carolyn Olson, owner and operator of Fairview Farm and vice president of
267 the Minnesota Farm Bureau; Brad Vold, owner and operator of Dorrich
268 Dairy; and Gary Wertish, president of the Minnesota Farmers Union.

269 You each have five minutes to deliver your oral arguments and we
270 will begin with Mr. Schiefelbein.

271 STATEMENT OF DON SCHIEFELBEIN, PAST PRESIDENT,
272 NATIONAL CATTLEMEN'S BEEF ASSOCIATION

273 Mr. Schiefelbein. Chairman Smith and members of the committee,
274 thank you for coming to rural America to see firsthand from farmers and
275 ranchers who feed America and the world.

276 Your decision to have these hearings right here in farm country gives
277 me great hope that our government is still a government of the people, by
278 the people, and for the people. So thank you.

279 It is an honor to host this hearing at our family farm right here in our
280 sale barn. Like most farmers and ranchers, this is an all family farm.
281 Started by my parents in 1955, Big Frank's vision and tenacity enabled the
282 farm to grow as our family grew and, boy, did it grow.

283 Grandma Frosty, who is sitting over here to my left, is the center -- has
284 taught us that to be successful you need God and family to be the
285 centerpiece of a successful operation. Thank you, Grandma Frosty.

286 Our family farm consists of not one brother, not two, not three, but
287 seven brothers working alongside of our wives with our 32 children, their
288 spouses, their 35-plus children. Guys, we are a good Catholic family.

289 Thank you for allowing me to share my thoughts in agricultural trade
290 and the future of family farming. Today's modern farming and ranching

291 community is the very reason that less than 2 percent of our population
292 feeds the United States and much of the world.

293 The ability of ranchers and farmers to focus on efficiency is the reason
294 that we can successfully feed so many with so few. I hope you had a
295 chance to see a glimpse of progress by viewing the tractors on display. You
296 will quickly realize our ability to efficiently farm has improved
297 dramatically.

298 During my 56 years our precious soil yielded 75 bushels of corn per
299 acre as a youngster. Today, those yields of yesteryear seem laughable.
300 Thanks to modern practices where precision agriculture fertilizes the
301 ground, soil is minimally tilled, and new genes have been utilized our soil
302 now produces over 200 bushels of corn per acre, a 300 percent increase.
303 Amazing.

304 On the cattle side of our operation it has been equally remarkable.
305 The cattle we raised back in the early 1970s were harvested a thousand
306 pounds at over two years of age.

307 Thanks to a laser like focus on genetic improvement, using God's
308 precious resources wisely, today we harvest our cattle weighing 1,350
309 pounds in just 13 months of age. In other words, we are now harvesting
310 350 more pounds of beef per animal and doing so in half the time.

311 The U.S. produces 18 percent of the world's beef with just 6 percent of

312 the world's cattle. U.S. cattle production accounts for just 2 percent of total
313 U.S. greenhouse gas emissions, resulting in the lowest greenhouse gas
314 intensity in the world.

315 The ability of agriculture to produce more with less is one of the most
316 important factors in the development of this great nation. When so few can
317 produce so much it allows the 98 percent of our population to work every
318 day to make our lives better.

319 However, having fewer people engaged in agriculture is a double-
320 edged sword. Today most Americans are now three generations removed
321 from the farm. Many consumers do not know where their food comes
322 from. In fact, if you ask young Americans where their food comes from the
323 number-one answer is the grocery store.

324 That is why I am so delighted that you have come right
325 -- this important committee has come and made the effort to hear directly
326 from us. There will be individuals that try to persuade you to include bad
327 agricultural policies. Prop. 12 from California is a perfect example of
328 people three generations removed from agriculture dictating how livestock
329 should be raised.

330 This shortsighted legislation not only hurts the manner in which
331 livestock are raised but will substantially increase the cost of food. As I am
332 sure each of you is aware, increasing food cost is the single most painful tax

333 you can place on the poor people of this country and the world.

334 I urge you in your incredible influence to be mindful of the impact of
335 agriculture policy has on a hungry world. The progress of American
336 agriculture by our nation's farmers and ranchers has allowed us to produce
337 the highest quality, safest, most affordable food supply in the history of the
338 world.

339 This efficiency has allowed us to make the most dramatic reduction in
340 climate impact and decrease our carbon footprint. I simply ask this
341 committee as it forges new trade agreements and passes legislation to
342 remember that the efficiency of our food production is the single biggest
343 factor in combating world hunger.

344 We as farmers and ranchers understand that when the government
345 allows us to do what we do best the world is a better place.

346 Mr. Chairman, thank you for the time.

347 [The statement of Mr. Schiefelbein follows:]

Statement of Mr. Don Schiefelbein
Submission for the record to the
United States House Committee on Ways and Means
“Trade in America: Agriculture and Critical Supply Chains”
July 10, 2023

Chairman Smith and Ranking Member Neal, thank you for coming to rural America to see and hear firsthand from farmers and ranchers who feed America and the World. Your decision to have these field hearings gives me great hope that our government is still a government of the people, by the people, and for the people.

It is an honor to host this hearing at our family farm right here in our sale barn. Like most farmers and ranchers, this is an all-family farm. Started by my parents in 1955, Big Frank's vision and tenacity enabled the farm to grow as the family grew. Grandma Frosty, who is sitting in the audience today, is our spiritual leader who taught us that both God and family must be the centerpiece of a successful operation.

Our family farm consists of not one brother, not two, not three, but seven brothers along with our wives, our 32 children, their spouses, and their 35 plus children.

Thank you for allowing me to share my thoughts on agricultural trade and the future of family farming. Today's modern farming and ranching community is the very reason that less than 2% of our population feeds the United States and much of the world. The ability of ranchers and farmers to focus on efficiency is the reason that we can successfully feed so many with so few. I hope you had the chance to see a glimpse of our progress by viewing the tractors on display. Contrast that first 1931 tractor with today's modern 420 horsepower tractor next to it and you will quickly realize that our ability to efficiently farm has improved dramatically. During my 56 years on this farm, I have witnessed exponential progress. As a youngster, we celebrated when our precious soil yielded 75 bushels of corn per acre. Today those yields of yesteryear seem laughable. Thanks to modern practices, where precision agriculture fertilizes the ground precisely, soil is minimally tilled and new genes have been utilized, our soil now produces over 200 bushels of corn per acre, a 300% increase. Amazing.

On the cattle side our progress has been equally remarkable. The cattle we raised back in the early 1970s were harvested at 1000 lbs. at over 2 years of age. Thanks to a laser-like focus on genetic improvement and using God's precious resources wisely, today we harvest our cattle weighing 1350 pounds at just 13 months of age. In other words, we are now harvesting 350 more pounds of beef per animal and doing so in half the time. The U.S. produces 18% of the world's beef with just 6% of the world's cattle. U.S. cattle production accounts for just 2% of total U.S. greenhouse gas emissions, resulting in the lowest beef greenhouse gas intensity in the world.

The ability of agriculture to produce more with less is one of the most important factors in the development of the greatness of this nation. When so few can produce so much it allows the 98% of our population to focus on making all of our lives better.

However, having fewer people engaged in agriculture is a double-edged sword. Today, most Americans are now 3 generations removed from the farm. Many consumers don't know where their food comes from. In fact, if you ask young Americans, where milk comes from, the number one answer is "the grocery store." That is why I am so delighted that this important committee has made the effort to see and hear directly from the farming and ranching community.

There will be individuals and countries that try to persuade you to include bad agricultural policies. Prop 12 from California is a perfect example of people three generations removed from agriculture dictating how livestock should be raised. This short-sighted legislation not only hurts the manner in which livestock are raised but will substantially increase the cost of food. As I am sure each of you are aware, increasing food costs is the single most painful tax you can place on the poor both in this country and across the world. I urge you with your incredible influence to be mindful of the impact agricultural policy has on a hungry world.

The progress of American agriculture by our nation's farmers and ranchers has allowed us to produce the highest quality, safest, most affordable food supply in the history of the world. This efficiency has allowed us to make the most dramatic reduction in climate impact and decrease our carbon footprint.

I simply ask this committee as it forges new trade agreements and passes legislation to remember that the efficiency of our food production system is the single biggest factor in combatting global hunger. We, as farmers and ranchers, understand that when the government allows us to do what we do best the world is a better place. Thank you for your time.

348 Chairman Smith. Thank you, sir. Thank you for hosting us.

349 Mr. Bakk, you may begin when you are ready.

350 STATEMENT OF TOM BAKK, FORMER MEMBER, MINNESOTA
351 STATE LEGISLATURE

352 Mr. Bakk. Members of the committee, thank you for the opportunity
353 to testify today on Minnesota's potential to contribute to our nation's critical
354 mineral supply chains and our renewable energy future.

355 As a lifelong Minnesotan I am incredibly proud of the state's deep
356 history of responsible mining. For more than 140 years Minnesota's iron
357 industry has supported the communities of northern Minnesota through job
358 creation and economic development while supplying materials that have
359 been vital in building America's infrastructure and supporting our national
360 security.

361 In fact, much of the American military fleet that helped the U.S. win
362 World War II came from iron produced by hardworking miners on the Iron
363 Range in Minnesota.

364 What many people do not realize is that northeastern Minnesota is also
365 home to vast untapped mineral resources that are key to our nation's future
366 and in particular our clean energy transition.

367 Electric cars, wind turbines, solar panels, energy storage solutions, and
368 transmission lines all require vast quantities of critical minerals. A single
369 wind turbine contains almost five tons of copper and hybrid cars require

370 nearly twice as much copper as a standard vehicle.

371 Nickel is fundamental in the production of batteries for energy storage
372 and for electric vehicles. Cobalt is a key element in rechargeable batteries
373 and the leading domestic use for platinum group metals is for catalytic
374 converters that decrease emissions from automobiles.

375 All these critical minerals are abundant underground in my home state
376 of Minnesota. This undeveloped resource is called the Duluth Complex
377 Geologic Formation. It is the largest untapped deposit of its kind in the
378 world.

379 So how significant is the Duluth Complex for our clean energy
380 transition? Let us look at electric vehicles as an example. This deposit
381 contains enough copper to build 310 million electric vehicles. The deposit
382 contains enough nickel to manufacture 200 million electric vehicles.

383 To me, that is mind blowing. The potential that lies untapped in the
384 Duluth Complex is deeply important to me. For nearly three decades I
385 proudly represented the communities of northeastern Minnesota where the
386 deposit is located and during that time I have also witnessed firsthand the
387 sharp decline of those communities and that saddens me.

388 These minerals are not only needed for the clean energy transition.
389 They will also spur much needed economic development in an area of
390 Minnesota that desperately needs it.

391 Since retiring I have devoted a significant amount of time to serving as
392 a consultant for several natural resource companies in the region. I believe
393 strongly that developing critical minerals in Minnesota and in the U.S. more
394 broadly is a no brainer. It is a must do.

395 Opening nonferrous mining operation spurs American job creation,
396 strengthens our supply chains and our national security. It fuels the green
397 economy and ensures we mine these resources under the highest labor and
398 environmental standards.

399 Yet, numerous mining projects in the U.S. including ones in
400 Minnesota are facing endless legal and permitting challenges that make it
401 next to impossible to access these resources.

402 The data is clear. We need to mine these materials if we are going to
403 be successful in combating the negative effects of climate change.

404 According to the International Energy Agency, meeting the Paris
405 climate -- Paris Agreement climate goals will require a worldwide
406 quadrupling of mineral requirements for clean energy technologies by
407 2040.

408 But the United States depends on foreign sources of these materials,
409 reached an all-time high in 2022. It is, frankly, unacceptable that the U.S.
410 continues to import critical metals from areas of the world where
411 environmental and labor standards are practically nonexistent, especially

412 when we have these resources and companies that are proposing develop
413 them responsibly and sustainably here at home.

414 You know, it makes no sense to me. On one hand we set aggressive
415 goals on reducing our nation's greenhouse gas emissions and at the same
416 time we are slowing down or halting mining projects that are needed to
417 meet those goals.

418 That means we are importing critical minerals or clean energy end
419 products from across the globe. Consider the greenhouse gas emissions
420 associated with that when we could instead be producing these items here
421 in the United States.

422 We also must not assume that we can continue to rely on others to
423 supply us with our resources. China's latest effort to impose export controls
424 on two critical minerals on the U.S. should be a wakeup call.

425 It is no secret that China has a monopoly on many of the world's
426 critical mineral supply chains. We must act now to accelerate our
427 investment in mining capacity here in the U.S. Our critical mineral supply
428 chains will become even more jeopardized than they already are.

429 This means we need to change the narrative around mining in this
430 country. We need to have serious conversations to address the
431 inefficiencies of our environmental review and permitting processes.

432 It is urgent that we stop putting up roadblocks to domestic mineral

433 production because our ability to avoid devastating supply chain disruptions

434 and build a greener future depend on it.

435 Thank you. I look forward to your questions, Mr. Chairman.

436 [The statement of Mr. Bakk follows:]

TESTIMONY – SENATOR TOM BAKK

Testimony for U.S. House Committee on Ways and Means

Field Hearing on Trade in America: Agriculture and Critical Supply Chains

From: Senator Tom Bakk

Former member and leader of the Minnesota State House and Senate, 1995-2023

Monday, July 10, 2023, at 2:30 p.m. – Kimball, Minn.

Chairman Smith and Members of the Committee:

Thank you for the opportunity to testify today on Minnesota's potential to contribute to our nation's critical mineral supply chains and our renewable energy future. As a lifelong Minnesotan, I'm incredibly proud of our state's deep history of responsible mining.

For more than 140 years, Minnesota's iron mining industry has supported the communities of northern Minnesota through job creation and economic development, while supplying materials that have been vital in building America's infrastructure and supporting our national security. In fact, much of the American military fleet that helped the U.S. win the Second World War was made from the iron produced by the hardworking miners on the Iron Range in Minnesota.

What many people don't realize is that northeast Minnesota is also home to vast untapped mineral resources that are key to our nation's future, and in particular, our clean energy transition.

Electric cars, wind turbines, solar panels, energy storage solutions and transmission lines all require vast quantities of critical minerals. A single wind turbine contains almost five tons of copper, and hybrid cars require nearly twice as much copper as a standard vehicle. Nickel is fundamental in the production of batteries for energy storage and for electric vehicles. Cobalt is a key element in rechargeable batteries, and the leading domestic use for platinum group metals is for catalytic converters that decrease emissions from automobiles.

All of these critical minerals are abundant underground in my home state of Minnesota. This undeveloped resource is called the Duluth Complex geological formation, and it's the largest untapped deposit of its kind in the world.

So how significant is the Duluth Complex for our clean energy transition? Let's look at electric vehicles as an example. This deposit contains enough copper to build 310 million electric vehicles and enough nickel to manufacture 200 million electric vehicles. To me, that is mind blowing.

The potential that lies untapped in the Duluth Complex is deeply important to me. For nearly three decades, I proudly represented the communities of northeastern Minnesota, where the deposit is located. And during that time, I've also witnessed firsthand the sharp decline of those same communities. That saddens me.

These materials aren't only needed for the clean energy transition. They will also spur much-needed economic development in an area of Minnesota that desperately needs it.

Since retiring, I have devoted a significant amount of time to serving as a consultant for several natural resources companies in the region.

I believe strongly that developing critical minerals in Minnesota and in the U.S. more broadly is a no-brainer. It's a must do. Opening non-ferrous mining operations spurs American job creation, it strengthens our supply chains and national security, it fuels the green economy, and it ensures we mine these resources under the highest labor and environmental standards.

Yet, numerous mining projects in the U.S., including ones in Minnesota, are facing endless legal and permitting challenges that make it next to impossible to access these resources.

The data is clear – we need to mine these materials if we are going to be successful in combatting the negative effects of climate change. According to the International Energy Agency, meeting the Paris Agreement's climate goals will require a worldwide quadrupling of mineral requirements for clean energy technologies by 2040.

But the United States' reliance on foreign sources of these materials reached an all-time high in 2022. It is frankly unacceptable that the U.S. continues to import critical minerals from areas of the world where environmental and labor standards are practically non-existent. Especially when we have these resources – and companies that are proposing to develop them responsibly and sustainably – here at home.

You know what makes no sense to me? On the one hand we set aggressive goals on reducing our nation's greenhouse gas emissions, and at the same time we're slowing or halting the mining projects that are needed to meet those goals. That means we're importing critical minerals or clean energy end products from across the globe. Consider the greenhouse gas emissions associated with that, when we could instead be producing these items here in the U.S.

We also must not assume that we can continue to rely on others to supply us with these resources. China's latest effort to impose export controls of two critical minerals on the U.S. should be a wakeup call. It is no secret that China has a monopoly on many of the world's critical mineral supply chains. We must act now to accelerate our investment in mining capacity

here in the U.S., or our critical mineral supply chains will become even more jeopardized than they already are.

This means we need to change the narrative around mining in this country. We need to have serious conversations to address the inefficiencies of our environmental review and permitting processes. It's urgent that we stop putting up roadblocks to domestic mineral production, because our ability to avoid devastating supply chain disruptions and build a greener future depends on it.

Thank you, and I look forward to your questions.

437 Chairman Smith. Thank you, sir.

438 Ms. Olson, you are recognized.

439 STATEMENT OF CAROLYN OLSON, VICE PRESIDENT,
440 MINNESOTA FARM BUREAU BOARD OF DIRECTORS

441 Ms. Olson. Chairman Smith and members of the committee, my name
442 is Carolyn Olson and I serve as the vice president of the Minnesota Farm
443 Bureau Federation representing nearly 30,000 members across the state.

444 I would like to welcome Chairman Smith to my great state and say
445 thank you for holding this important hearing. Additionally, I would like to
446 thank my representative, Congresswoman Fischbach, for all her work on
447 behalf of farmers in Minnesota's Seventh District.

448 My husband and I farm near Cottonwood, Minnesota, where we grow
449 organic crops for a variety of uses and feed hogs for conventional markets.
450 Farmers here in Minnesota could really use some rain and drought
451 conditions are present across our state and throughout the country.

452 We remain hopeful for summer rains to come and want to highlight
453 how difficult the drought situation like this can be in rural America.

454 When weather conditions out of our control hamper the ability to grow
455 an abundant and safe food supply it is incredibly frustrating on emotional
456 and economic levels.

457 Regarding the topic of today's hearing I cannot overstate the
458 importance of trade to the agriculture industry. As members of this

459 committee may be aware, farmers in the U.S. rely on trade for
460 approximately 20 percent of our agricultural products and according to the
461 USDA Economic Research Service U.S. agricultural exports reached \$196
462 billion in sales in 2022.

463 Minnesota is the fourth largest agricultural export state in the nation
464 and our products are worth \$9.2 billion annually according to the
465 Minnesota Department of Agriculture.

466 This importance is highlighted at my own farm gate. The organic
467 grains grown on my farm are utilized in multiple exported products
468 including alcoholic spirits, organic animal feed, and shelf-ready products.

469 Many of these exported products are sent to Canada and the European
470 Union and my family has worked hard to earn production equivalency
471 certifications so that our grains can be used in those imported products.

472 The demand created from this opportunity means real dollars to my
473 farm and strengthens the long-term viability of our 110-year-old operation.
474 Just like any business, more buyers for our products creates more
475 competition and more competition makes for favorable margins.

476 In addition to our organic grains we also see the importance of trade to
477 the hogs we finish. The pork industry is incredibly efficient and demand
478 for pork continues to remain strong across the globe.

479 The U.S. pork industry has responded to that demand for decades.

480 Meat products from our hogs are often exported to Mexico or China and
481 one plant we sell to is in the process of preparing facilities to be able to ship
482 products to Japan.

483 Many of these countries are purchasing variety meats like offal, which
484 are not consumed in great amounts in the United States. This continues to
485 highlight the importance of international trade to United States agriculture
486 because these countries are purchasing products at a premium that have
487 very little demand in our country.

488 Examples like mine are why continued efforts to expand market
489 access to U.S. agriculture is so vital to farmers like me. Not only does trade
490 create economic benefits for those growing the commodities but it also
491 strengthens our foreign relationships.

492 Farmers want greater access to trade opportunities and foreign
493 consumers demand more of our high-quality and safe commodities. This
494 situation is a win-win for all.

495 In addition to the opportunities trade provides our trade agreements
496 also provide a framework to ensure fairness between ourselves and our
497 trade partners. An example of this is the U.S.-Mexico-Canada agreement,
498 also known as the USMCA.

499 We know that Canada and Mexico are the second and third largest
500 importers of agricultural goods and value the trade relationship we have

501 with them.

502 We are encouraged that the U.S. has been working through the
503 USMCA's processes to dispute behaviors by both Canada and Mexico.
504 Whether it is Canada with dairy imports or Mexico on biotech corn, we
505 advocate for the continued efforts by our trade representatives and are
506 hopeful for an equitable outcome.

507 Changing gears to the supply chain, I believe it is important to
508 recognize the connection between trade and the ability to move goods. If
509 we cannot get our products to the places that have a high demand for them
510 then all our hard work to produce them is null and void.

511 Here in Minnesota we are blessed with many ways to move goods
512 from the Mississippi River, Duluth Port, the rail system and through
513 trucking.

514 The Minnesota Farm Bureau is hopeful to see growth and the use of
515 the Duluth Port for agricultural products and believes that utilizing the
516 world's largest freshwater port will lead to continued opportunities for the
517 transportation of our commodities to other countries.

518 Additionally, maintaining the Mississippi River system is vital for
519 Minnesota and the nation as it is a powerful corridor for the movement of
520 goods.

521 I thank the committee for this opportunity to testify on behalf of

522 Minnesota farmers and ranchers and look forward to any questions you may

523 have.

524 [The statement of Ms. Olson follows:]

Testimony on Behalf of the Minnesota Farm Bureau Federation

House Ways and Means Committee

7.10.23

Chairman Smith, Members of the Committee,

My name is Carolyn Olson, and I serve as the Vice President of the Minnesota Farm Bureau Federation, representing nearly 30,000 farm and ranch families across the state.

I'd like to welcome Chairman Smith to my great state and say thank you for holding this important hearing. Additionally, I'd like to thank my Representative, Congresswoman Fischbach, for all her work on behalf of farmers in Minnesota's 7th district.

My Husband and I farm near Cottonwood, MN, where we grow organic crops for a variety of uses and feed hogs for conventional markets. Farmers here in Minnesota could really use some rain, and drought conditions are present across our state and throughout the country. We remain hopeful for summer rains to come and want to highlight how difficult a drought situation like this can be in Rural America. When weather conditions out of our control hamper the ability to grow an abundant and safe food supply, it is incredibly frustrating on emotional and economic levels.

Regarding the topic of today's hearing, I cannot overstate the importance of trade to the agriculture industry. As members of this committee may be aware, farmers in the US rely on trade for approximately 20 percent of our agricultural products, and according to the USDA Economic Research Service (ERS), US agricultural exports reached \$196 billion in sales in 2022. Minnesota is the fourth largest agricultural export state in the nation, and our products are worth \$9.2 billion annually according to the Minnesota Department of Agriculture.

This importance is highlighted at my own farmgate. The organic grains grown on my farm are utilized in multiple exported products, including alcoholic spirits, organic animal feed, and shelf-ready products. Many of these exported products are sent to Canada and the EU, and my family has worked hard to earn production equivalency certifications so that our grains can be used in those imported products.

The demand created from this opportunity means real dollars to my farm and strengthens the long-term viability of our 110-year-old operation. Just like any business, more buyers for our products creates more competition, and more competition makes for more favorable margins.

In addition to our organic grains, we also see the importance of trade to the hogs we finish. The pork industry is incredibly efficient, and demand for pork continues to remain strong across the globe. The US pork industry has responded to that demand for decades. Meat products from our hogs are often exported to Mexico or China, and one plant we sell to is in the process of preparing facilities to be able to ship products to Japan.

Many of these countries are purchasing variety meats, like offal, which are not consumed in great amounts in the United States. This continues to highlight the importance of international trade to United

States agriculture because these countries are purchasing products at a premium that have very little demand in our country.

Examples like mine are why continued efforts to expand market access to US agriculture are so vital to farmers like me. Not only does trade create economic benefits for those growing the commodities, but it also strengthens our foreign relationships. Farmers want greater access to trade opportunities, and foreign consumers demand more of our high-quality and safe commodities; this situation is a win-win for all.

In addition to the opportunities trade provides, our trade agreements also provide a framework to ensure fairness between ourselves and our trade partners. An example of this is the US-Mexico-Canada Agreement, also known as the USMCA. We know that Canada and Mexico are the second and third largest importers of agricultural goods, and value the trade relationship we have with them. We are encouraged that the US has been working through the USMCA's processes to dispute behaviors by both Canada and Mexico. Whether it is Canada with dairy imports, or Mexico on biotech corn, we advocate for the continued efforts by our trade representatives and are hopeful for an equitable outcome.

Changing gears to our supply chain, I believe it is important to recognize the connection between trade and the ability to move goods. If we cannot get our products to the places that have a high demand for them, then all our hard work to produce them is null and void. Here in Minnesota, we are blessed with many ways to move goods, from the Mississippi River, Duluth Port, the rail system, and through trucking.

The MFBF is hopeful to see growth in the use of the Duluth Port for agricultural products and believes that utilizing the world's largest freshwater port will lead to continued opportunities for the transportation of our commodities to other countries. Additionally, maintaining the Mississippi River system is vital for Minnesota and the nation, as it is a powerful corridor for the movement of goods.

I thank the committee for this opportunity to testify on behalf of Minnesota farmers and ranchers and look forward to any questions you may have.

525 Chairman Smith. Thank you.

526 Mr. Vold, you are recognized.

527 STATEMENT OF BRAD VOLD, OWNER, DORRICH DAIRY

528 Mr. Vold. First of all, I want to also thank Congresswoman Fischbach
529 and Chairman Smith for the opportunity to be here today. It is a great
530 honor.

531 Good afternoon. I would like to thank the distinguished members of
532 the committee for providing me with the opportunity to share my testimony
533 with all of you today.

534 It is an honor to explain the reality of the American dairy farm
535 including the ripple effect of dairy export market access, the impacts being
536 felt by my family and family farms across the country as a result of
537 economic pressures levied by trade partners such as the Canadian
538 government and the European Union.

539 My name is Brad Vold and I own and operate Dorrich Dairy in
540 Glenwood, Minnesota, about an hour west of here along with my wife,
541 Suzanne, and my brother, Greg.

542 Our farm was established in 1899. We are currently a fourth
543 generation family dairy operation. Dorrich Dairy is a 500-cow dairy that
544 converted to robotic milking in October of 2019.

545 Our operation includes 600 acres of cropland that supplies part of the
546 feed to our dairy cows. All of our young stock are custom raised off site.

547 We employ one full time and two part time employees and we have been
548 Land of Lakes Dairy Cooperative member/owners since 1992.

549 In 2022 the U.S. dairy industry exported over \$9.6 billion in dairy
550 products to foreign markets, equivalent to 18 percent of the U.S. total milk
551 production.

552 These export sales play a key role in supporting the health of dairy
553 farms like mine in Minnesota and throughout the U.S.

554 Exports also support rural communities, hundreds of thousands of
555 workers and companies supplying inputs and services, those in downstream
556 processing cooperatives like Land of Lakes and the cities with large port
557 facilities heavily dependent on trade.

558 Since the implementation of NAFTA in 1994 free trade agreements
559 have enabled the U.S. dairy industry to compete on a more level playing
560 field with international competitors in terms of tariff access, removal of
561 nontariff barriers, clear and consistent rules for trade.

562 Unfortunately, the U.S. dairy competitors in Europe, New Zealand,
563 and Australia continue to benefit from up to date free trade agreements
564 while the United States has failed to finalize new comprehensive trade deals
565 in over a decade, putting American exporters at a distinct disadvantage in
566 growing foreign markets.

567 As an American dairy producer I need the U.S. government to pursue

568 comprehensive free trade agreements in peak key markets with growing
569 demand for dairy imports including Taiwan, Japan, Vietnam, others in the
570 Southeast Asia and the Middle East.

571 But new agreements are not enough. They need to work for farmers.
572 Unfortunately, free trade agreements such as the USMCA have missed the
573 mark in terms of providing the security that dairy producers like my family
574 need to stay in business.

575 Canada has continued to fall short of their commitments to the United
576 States, failing to uphold its USMCA dairy tariff quota obligations by
577 providing preferential treatment to their domestic producers.

578 To provide an example of how Canada has operated, in 2017 an abrupt
579 change in Canada's class seven milk pricing structure blocked ultra-filtrated
580 exports from Grassland Dairy Products Incorporated, a dairy processor in
581 Greenwood, Wisconsin.

582 They were given a 48-hour notice that the Canadian markets would no
583 longer be accepting their product. Grassland then proceeded to send letters
584 to approximately 75 dairies notifying them that they would lose their
585 contracts in just 30 days.

586 Similarly, many dairy producers are feeling the effects of the
587 European Union's misuse of geographical indicators to monopolize genetic
588 -- generic food and beverage terms at multiple countries around the world,

589 which threatens the ability of U.S. dairy producers to sell products that rely
590 on commonly used terms like Parmesan and Havarti in key export markets.

591 I would like to take a moment to thank Congresswoman Fischbach,
592 my own representative, for co-sponsoring the Safeguarding American
593 Value-Added Exports Act -- SAVE
594 -- H.R. 3223, an effort to combat the -- excuse me, the EU's economic
595 coercion.

596 This effort would direct the USDA to work with U.S. trade
597 representatives to establish protections for specific common food and
598 beverage names, utilizing negotiations that would result in memorandums
599 of understanding and exchanges of letters with clear assurances protecting
600 these export opportunities.

601 Dairy producers can only survive and thrive when we have open
602 markets and a home for our milk. The United States is the second largest
603 producer of the world in milk.

604 If we cannot move product it affects the bottom line of American dairy
605 producers and the economic benefit our sector provides to communities
606 across the country. We must focus on stimulating trade and maintaining
607 and exporting our market -- our export markets.

608 Thank you all for your consideration of my testimony and service to
609 our nation. I appreciate the work of this committee to recognize the

610 important role that co-ops play in rural America. The work of my family
611 and so many others hinges on individuals like you all continuing to
612 advocate and deliver solutions to the Ag producers who make this country
613 great.

614 Thank you, and I look forward to your questions.

615 [The statement of Mr. Vold follows:]



Brad Vold

Owner, Dorrich Dairy
21434 County Road 21
Glenwood, MN 56334
Phone: (320) 634-5949

**Field Hearing on Trade in America:
Agriculture and Critical Supply Chains
House Committee on Ways and Means**

Kimball, MN – Monday, July 10, 2023

Good afternoon. I would like to thank the distinguished members of the committee for providing me the opportunity to share my testimony with all of you today. It is an honor to explain the reality of the American dairy farm, including the ripple effect of dairy export market access, and the impacts being felt by my family – and family farms across the country – as a result of economic pressures levied by trade partners such as the Canadian government and the European Union.

My name is Brad Vold, and I own and operate Dorrich Dairy in Glenwood, Minnesota, about an hour west of here, alongside my wife, Suzanne, and my brother, Greg. Our farm was homesteaded in 1899, and we are currently a fourth-generation family dairy operation. Dorrich Dairy is a 500-cow dairy that converted to robotic milking in October of 2019. Our operation includes about 600 acres of crop land that supplies feed for the dairy. All our young stock is custom raised off-site, and we employ one fulltime and two part-time employees. We have been a Land O'Lakes dairy cooperative member-owner since 1992.

In 2022, the U.S. dairy industry exported over \$9.6 billion in dairy products to foreign markets, equivalent to 18% of total U.S. milk production. These export sales play a key role in supporting the health of dairy farms, like mine, in Minnesota and throughout the United States. Exports also support rural communities, hundreds of thousands of workers in companies supplying inputs and services, those in downstream processing cooperatives like Land O'Lakes, and in cities with large port facilities heavily dependent on trade.

Since the implementation of NAFTA in 1994, Free Trade Agreements have enabled the U.S. dairy industry to compete on a more level playing field with international competitors in terms of tariff access, removal of nontariff barriers, and clear and consistent rules for trade. Unfortunately, U.S. dairy competitors in Europe, New Zealand, and Australia continue to benefit from up-to-date free trade agreements while the United States has failed to finalize new comprehensive trade deal in over a decade, putting American



Brad Vold
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**Field Hearing on Trade in America:
Agriculture and Critical Supply Chains
House Committee on Ways and Means**

Kimball, MN – Monday, July 10, 2023

exporters at a distinct disadvantage in growing foreign markets. As an American dairy producer, I need the U.S. government to pursue comprehensive free trade agreements in key markets with growing demand for dairy imports, including Taiwan, Japan, Vietnam, and others in Southeast Asia and the Middle East.

But new agreements aren't enough, they need to work for farmers. Unfortunately, Free Trade Agreements such as the USMCA have missed the mark in terms of providing the security that dairy producers like my family need to stay in business. Canada has continued to fall short of their commitments to the United States, failing to uphold its USMCA dairy tariff-rate quota obligations by providing preferential treatment to their domestic producers.

To provide an example of how Canada has operated, in 2017, an abrupt change in Canada's Class 7 milk pricing structure blocked ultra-filtered exports from Grassland Dairy Products, Inc., a dairy processor in Greenwood, Wisconsin. They were given 48 hours' notice that Canadian markets would no longer be accepting their product. Grassland then proceeded to send letters to approximately 75 dairies notifying them they would lose their contracts in just 30 days.

Farmers had to scramble to find a buyer for their milk. For those who don't know the industry, that is hard to do. Transportation and storage costs for milk are very high. Milk isn't like corn or wheat. You can't easily store it until the price gets better. The farther your milk must go to find a processor, the more money you lose as a producer. When Canada closed Grassland's access for Class 7 milk, farmers in my region faced grim choices.

In this particular case, as a member of a cooperative, family operations like mine were safeguarded from many of these impacts. Land O'Lakes ensured that there was a home for our milk. However, as a result of Grassland losing access to Canada, many multi-generational family farms outside of the cooperative system have shuttered their doors, faced with the option to either sell out or risk the security of their operations.



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**Field Hearing on Trade in America:
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Kimball, MN – Monday, July 10, 2023

Similarly, many dairy producers are feeling the effects of the European Union's misuse of geographical indications to monopolize generic food and beverage terms in multiple countries around the world, which threatens the ability of U.S. dairy producers to sell products that rely on commonly used terms like "parmesan" and "havarti" in key export markets.

I'd like to take a moment to thank Congresswoman Fischbach, my own representative, for co-sponsoring the Safeguarding American Value-added Exports (SAVE) Act (H.R. 3423), an effort to combat the EU's economic coercion. This effort would direct the USDA to work with the U.S. Trade Representative to establish protections for specific common food and beverage names, utilizing negotiations that would result in memoranda of understanding and exchanges of letters with clear assurances protecting these export opportunities.

Dairy producers can only survive and thrive when we have open markets, and a home for our milk. The United States is the second largest producer of milk in the world. If we can't move product, it affects the bottom line of American dairy producers and the economic benefit our sector provides in communities across the country. We must focus on stimulating trade and maintaining and expanding our export markets.

Thank you all for your consideration of my testimony and your service to our nation. I appreciate the work of this committee to recognize the important role that co-ops play in rural America. The work of my family and so many others hinges on individuals like you all continuing to advocate and deliver solutions to the agricultural producers who make this country great.

Respectfully,

Brad Vold

616 Chairman Smith. Thank you.

617 Mr. Wertish, you are now recognized.

618 STATEMENT OF GARY WERTISH, PRESIDENT, MINNESOTA
619 FARMERS UNION

620 Mr. Wertish. Thank you, Mr. Chairman, Representatives Fischbach,
621 Stauber, and Finstad and members of the committee.

622 I am honored that you are here in Minnesota and that I can speak with
623 you, and thank you for those who have traveled to be here and the
624 Schiefelbeins for hosting us.

625 My name is Gary Wertish, president of the Minnesota Farmers Union.
626 I have farmed all my life and now my wife and I rent our farm to our son.

627 MFU is a grassroots organization that has represented Minnesota
628 family farmers, ranchers, and rural communities since 1918.

629 Together with National Farmers Union our organization works to
630 protect and enhance the economic interests and quality of life of family
631 farmers, ranchers, and rural residents.

632 Minnesota's agriculture is the foundation of our state's economy and
633 generating over \$100 billion in economic impact and supporting nearly
634 400,000 jobs.

635 Trade is a significant part of that with agriculture products accounting
636 for more than one-third of our state's total exports. If done right I believe
637 that trade can help farmers earn a fair price for the products they worked

638 hard to produce.

639 In my testimony today I want to emphasize three key considerations
640 that I believe will help ensure our national trade policy benefits family
641 farmers and builds supply chain resilience. You can also find more detail
642 on these topics in the written testimony I have submitted.

643 Trade should be fair and stable, build on our strengths, contributing to
644 resilience here at home, and supplement strong competitive domestic
645 markets.

646 I have had the opportunity to participate in various trade missions with
647 the U.S. Department of Agriculture and the Minnesota Department of
648 Agriculture.

649 In my discussions with farmers and food business owners on those
650 trips they are looking for trade agreements that are fair, stable, and
651 predictable.

652 Farmers, workers, and trade partners should not be left at the end of a
653 long global commodity supply chain forced to accept prices that are
654 determined based on global events out of their control.

655 Regarding our trading relationships, we can be tough and create trade
656 agreements that benefit our farmers, workers, and businesses but we cannot
657 go it alone.

658 A fair and stable trade system that creates access to markets and

659 ensures predictability is the first step in guaranteeing farmers receive a fair
660 price for what they produce.

661 As a corn farmer I value exports for grain but I would much rather
662 turn that corn into ethanol at a local cooperatively-owned plant and export
663 the ethanol end byproducts. This is just one example of how we can build
664 on our strengths by adding value to what we produce locally.

665 Finally, I believe that -- finally, I believe that if farmers are going to
666 earn a stable, fair living international trade should be viewed as a
667 supplement to strong competitive domestic markets.

668 We cannot depend on international markets alone for a fair price for
669 Minnesota farmers. That is why MFU is a proud supporter of the National
670 Farmers Union's Fairness for Farmers campaign, which focuses on the need
671 to rein in the power of corporate monopolies and create fair and open
672 markets for farmers and rural communities.

673 Our farm and food system have become highly consolidated with a
674 small handful of companies controlling the inputs farmers rely upon along
675 with the markets we need to access to sell our products.

676 The rise of these highly consolidated middlemen is a key reason that
677 farmers' share of each dollar spent on food has declined from 50 percent in
678 1952 to just 14 percent in 2021, the lowest on record.

679 MFU supports efforts to promote diverse market opportunities,

680 strengthen antitrust enforcement, modernize the Packers and Stockyards
681 Act to protect family livestock producers, ensure accurate and transparent
682 labeling of agriculture goods.

683 Farmers should be able to market their products in diverse and
684 competitive markets locally, regionally, domestically, and internationally.
685 Export markets can be important for farm incomes but only when strong
686 competitive domestic markets are available as well.

687 I want to thank the committee again for coming to Minnesota for this
688 hearing and for the opportunity to testify today.

689 The MFU is committed to working with this committee on these
690 important topics and I am happy to answer any questions. Thank you.

691 [The statement of Mr. Wertish follows:]



**Testimony of
Gary Wertish, President**

U.S. House Committee on Ways and Means

**“Trade in America: Agriculture and Critical Supply Chains –
Kimball Minnesota”**

July 10, 2023

**Schiefelbein Farms
Kimball, MN**

Thank you, Mr. Chairman, Representative Fischbach—my representative—and members of the committee. I'm honored that you're here in Minnesota and that I have the opportunity to speak with you on a topic of significant importance to farm families in Minnesota. Thank you to those who traveled to be here and the Schiefelbeins for hosting us.

My name is Gary Wertish and I've had the honor of serving as the elected president of Minnesota Farmers Union (MFU) since 2017. My farm is in Renville, about 70 miles southwest of Kimball, and I now rent that land out to my son who raises corn, soybeans, and edible beans. Throughout my career in agriculture, and now for my son and his family, international trade provided an important secondary market for what we produced on our farm.

As the President of Minnesota Farmers Union, I have the honor of working with farm families across Minnesota. Our organization has represented Minnesota family farmers, ranchers and rural communities since 1918 and was founded in order to guarantee farmers a fairer price for the value they produce. Together with the National Farmers Union, our organization works to protect and enhance the economic interests and quality of life of family farmers, ranchers and rural residents across the country.

Minnesota agriculture is the foundation of our state's economy, generating over \$100 billion in economic impact and supporting nearly 400,000 jobs across our state.¹ Trade is a significant part of that, with agriculture products accounting for more than one third of our state's total exports.² This makes Minnesota the fourth largest exporter of agricultural products among the states.³ Of course, beyond our economy, family farming is central to our state's history, culture, and the continued vitality of rural communities.

In my testimony today, I want to emphasize three key considerations that I believe will help ensure our national trade policy benefits family farmers and builds supply chain resilience. Trade should be:

- Fair and stable.
- Build on our strengths, contributing to resilience here at home.
- Supplement strong, competitive domestic markets.

If done right, I believe that trade can help farmers earn a fair price for the products they work hard to produce. I appreciate the opportunity to share some thoughts with you today.

¹ Minnesota Department of Agriculture, "Economic Analysis and Market Research."
<https://www.mda.state.mn.us/business-dev-loans-grants/economic-analysis-market-research>

² Minnesota Department of Agriculture, "Exporting and International Trade."
<https://www.mda.state.mn.us/exporting-international-trade>

³ Minnesota Department of Agriculture, "Minnesota Agricultural Profile, 2023."
<https://www.mda.state.mn.us/sites/default/files/inline-files/MNagprofile2023.pdf>

Fair and stable trade

During my time leading MFU I have had the opportunity to participate in various trade missions with the United States Department of Agriculture and Minnesota Department of Agriculture. On those occasions I have been able to meet farmers and food business owners who are seeking new opportunities and partnerships that will allow them to expand their businesses, reinvesting in their local community. They are looking for trade agreements that are fair and stable, allowing opportunities for market access and ensuring the predictability that every independent business owner needs to make long-term business decisions. For example, farmers growing new edible varieties of soybeans for Asian markets are making significant financial investments in those genetics, new management systems, seed cleaning, and often directly building those trading partnership through their check-off dollars. They need to be sure that those trading relationships are stable and won't be disrupted due to politics or personalities.

As Farmers Union's representative to World Farmers' Organization, I also understand that trade deals need to benefit farmers here and those around the world. Farmers, workers, and trade partners shouldn't be left at the end of a long global commodity supply chain, forced to accept prices that are determined based on global events out of their control. I believe that these mutually beneficial relationships are not only the right way to approach trade, but also what will enable more stable relationships long-term.

Here at home, one way we can ensure that markets are fair for farmers and ranchers is by enforcing mandatory, uniform labelling for food products throughout the processing chain. One key step would be reauthorization of the mandatory country-of-origin labelling (COOL) for beef and pork, which was repealed in 2015.

MFU policy supports "the full implementation and funding of mandatory country of origin labeling (COOL)." Clear and accurate food labels are an important tool that helps consumers make informed decisions and allows farmers and ranchers to differentiate their products and promote fairer, more competitive markets. We are here at the Schiefelbeins, who are famous here locally and I'm sure nationally for the quality breeding stock they produce—and other cattlemen in our membership are as well. That's why they deserve the opportunity to compete for consumers' dollars based on accurate labels. Furthermore, American workers in these industries also deserve a fair and transparent system that will not undermine efforts to ensure fair compensation and safe working conditions. Congress should pass the bipartisan American Beef Labeling Act (S.52), to reinstate mandatory COOL labeling for beef sold in grocery stores.

MFU also supports USDA's ongoing rulemaking to better align the voluntary "Product of USA" label claim with consumer understanding. Under current voluntary labeling rules, meat can be designated a "Product of USA" if it is processed domestically, but born, raised, and/or slaughtered in another country. Importing cheaper products from other countries and offering these to consumers as 'product of the USA' depresses prices for Minnesota farmers and undermines consumer confidence in labels. While truthful and accurate

voluntary labels are important to producers and helpful for consumers, they are not a replacement or substitute for COOL.

Like any independent business owner stability and predictability are critical. As you know, farmers are already planning their planting decisions for the 2024 and 2025 growing seasons. For trade agreements to effectively provide opportunity and market access to producers, those agreements must enable farmers to plan their marketing decisions in advance. Trade wars, tariffs, and retaliation between key trade partners creates undue turmoil for farmers and rural communities and can harm export markets that took decades to build.

We can be tough and create trade agreements that benefit our farmers, along with workers and small businesses, without going alone and without contributing to volatile prices and markets for agricultural products. Minnesota farmers produce high quality products that the world wants, and those products should be valued. International market actors should be viewed as key partners who can also benefit from trade, not foes.

A fair and stable trade system that creates access to markets and ensures predictability is the first step in guaranteeing farmers receive a fair price for what they produce.

Building on our strengths

When it comes to creating opportunities to access international markets and build more resilient supply chains, we should be leaning into our strengths. This includes investing in value added production and creating resiliency to climate change and other market disruptions.

Broadly, I believe it's better for Minnesota farmers if we add value to our products here before exporting. As a corn farmer, I value export markets for grain. But I would much rather turn that corn into ethanol at a cooperatively owned plant here locally and then export the distiller's grain. That way I'm maximizing the economic impact of my production, allowing those dollars to recirculate into my community through jobs at the plant, and I'm also filling a need for protein abroad. This is just one example of how we can build on our strengths by adding value to what we produce locally. Another is by leveraging our state's leadership on climate.

For example, MFU is a proud supporter of the Minnesota Agricultural Water Quality Certification Program run by the Minnesota Department of Agriculture. This program is a voluntary opportunity for farmers to take the lead in implementing conservation practices that protect the rich soil and water resources that have made Minnesota a leader in agriculture. Participating farmers receive individualized technical assistance and a whole-farm assessment from certifiers. They are also connected with resources to support the changes in their management practices. Farms that complete certification can use their accomplishment to connect with consumers who are looking for products with additional environmental benefits. This happens not only at local farmers market, but also on the

global market with international buyers – such as the European Union – looking to Agricultural Water Quality Certified crops to meet environmental criteria for imports.

MFU is also enthusiastic about new investments in ‘climate-smart’ agriculture, through programs like the USDA’s Partnerships for Climate-Smart Commodities grant program. Many of the funded projects will be working in Minnesota, and we see value in paying farmers fairly for the public benefits they produce like clean water and air, and reduced greenhouse gas emissions. Low-carbon intensity biofuels will also create new market opportunities for farmers domestically and abroad to meet the growing demand for agriculture to be a part of climate solutions.

Another example of value-added production that intersects with climate action is local production of green fertilizer, utilizing green hydrogen. Production of green fertilizer represents an opportunity to significantly reduce emissions, will benefit farmers and rural communities instead of the four multinational companies that currently produce 75 percent of fertilizer, and is an opportunity to lead in producing and deploying hydrogen for other agricultural and industrial applications. A pilot at the University of Minnesota-Morris, has shown that it’s possible to have distributed production of fertilizer with low- to zero-carbon emissions. Because fertilizer makes up over a third of the carbon intensity of corn production, reduced emissions in fertilizer production can create significant value for new low-carbon and climate-smart commodity markets, both here and abroad.

During the most recently completed session of the Minnesota Legislature, MFU worked with partners on legislation creating a pilot grant program for farmer-owned cooperatives to buy equity in these green hydrogen facilities, driving value back to farm families and rural communities, and creating opportunities for low-carbon intensity crops to be produced that meet these emerging markets.

Again and as before, this work is important because it can help drive value back to farmers, helping them earn a fair return for the value they create on their farm.

Fair and competitive domestic markets

Finally, I believe that if farmers are going to earn a stable, fair, living international trade should be viewed as a supplement to strong, competitive domestic markets. We cannot depend on international markets alone for a fair price for Minnesota farmers. This is why MFU is a proud supporter of National Farmers Union’s Fairness for Farmers campaign, which focuses on the need to reign in the power of corporate monopolies and create fair and open markets for farmers and rural communities. For our part, MFU members made ‘Limiting corporate control and protecting competition in the marketplace’ a top priority for our organization.

This should not surprise anyone as the trend toward greater consolidation of the farm and food system has been ongoing. The four-firm concentration ratio has risen precipitously among meatpackers and poultry processors over the last several decades. The market

share of the four largest beef packers rose from 25 to 85 percent from 1977 to 2019, in pork it rose from 33 to 67 percent from 1976 to 2019, and in poultry it rose from 35 to 54 percent from 1986 to 2019.⁴ This extreme concentration gives these companies immense power to squeeze farmers and ranchers and enrich shareholders.

Dairy is another industry dramatically impacted by consolidation. Since 1992, the number of US dairy farms has decreased by 79 percent, or by more than 103,577 farms, due to low dairy farm margins.⁵ Many of these lost dairies had been in Minnesota, with the Minnesota Department of Agriculture reporting a 40 percent decline since 2017.⁶ As a result of widespread market consolidation, dairy farmers have little choice about where to ship their milk, which depressed milk choices. To reduce dairy farm closures and improve the outlook for US dairy farmers, Congress should pass an incentive-based milk production growth plan to better match milk supply with market demand. American dairy farmers need fair markets and good prices domestically.

Increasing consolidation and declining competition is present across agriculture. As of 2015, the top four firms for corn and soybean seeds controlled 85 percent and 76 percent of the market, respectively compared to 59 percent for corn seed in 1975, and 42 percent for soybean seed in 1988.⁷ Four firms account for approximately 84 percent of the global herbicide and pesticide market and just two companies manufacture about half of the tractors and other essential farm machinery used by farmers.⁸ The rise of these highly consolidated middlemen is a key reason that farmer's share of each dollar spent on food has declined from 50 percent in 1952 to just 14 percent in 2021, the lowest on record.

I should note that consolidation is not just an issue in agriculture but is pervasive throughout the economy and inflicts harm across our rural communities. Between 1997 and 2012, three-fourths of US industries became more consolidated, and the country's economy has become 50 percent more consolidated since 2005.

None of this is inevitable though, but rather the consequence of policy choices. This is why MFU supports efforts to promote diverse market opportunities, strengthen antitrust

⁴ USDA, Agricultural Marketing Service (AMS), Packers and Stockyards Division, "Annual Report 2020." <https://www.ams.usda.gov/sites/default/files/media/PackersandStockyardsAnnualReport2020.pdf>.

⁵ National Farmers Union, "Family Farming and Dairy Policy Reform: 2023 Special Order of Business." <https://nfu.org/wp-content/uploads/2023/03/2023-NFU-Special-Order-of-Business-Dairy-Policy-Reform-030723.pdf>

⁶ Minnesota Department of Agriculture, "Dairy Farm Activity Report 2022." <https://www.mda.state.mn.us/food-feed/minnesota-inspection-program-dairy-stats>

⁷ Jorge Fernandez-Cornejo, "The Seed Industry in U.S. Agriculture: An exploration of data and information on crop seed markets, regulation, industry structure, and research and development," *USDA Economic Research Service*, https://www.ers.usda.gov/webdocs/publications/42517/13616_aib786_1.pdf?v=3857.1; James MacDonald, "Mergers and Competition in Seed and Agricultural Chemical Markets," *USDA Economic Research Service*, 2017, <https://www.ers.usda.gov/amber-waves/2017/april/mergers-and-competition-in-seed-and-agricultural-chemical-markets/>

⁸ Claire Kelloway and Sarah Miller, "Food and Power: Addressing Monopolization in America's Food System," *Open Markets Institute*, May 13, 2019. <https://www.openmarketsinstitute.org/publications/food-power-addressing-monopolization-americas-food-system>

enforcement, modernize the Packers and Stockyards Act to protect family livestock producers, ensure accurate and transparent labeling of agricultural products, and ensure farmers have the Right to Repair their own farm equipment.

Here in Minnesota, our members have seen the impact of consolidation in meat processing and how the lack of competitive markets hurts their operations, and we appreciate Congress and the administration's recent focus on relocalizing supply chains for meat and poultry and helping rebuild local and regional processing infrastructure across the country. To ensure these efforts succeed, reinvigorating the Packers and Stockyards Act is critical as this new infrastructure will need fair markets to remain sustainable over the long-term. MFU strongly supports the Biden Administration's proposed rule changes that will strengthen enforcement of unfair and deceptive practices, undue preferences, and unjust prejudices, create new protections for farmers in the poultry grower tournament system, and will clarify that parties do not need to demonstrate harm to competition in order to bring an action under section 202 (a) and 202 (b) of the Act.

Farmers should be able to market their products in diverse and competitive markets – locally, regionally, domestically, or internationally. Export markets can be important for farm incomes, but only when strong, competitive domestic markets are available as well.

Conclusion

I want to thank the committee again for coming to Minnesota for this hearing, and for the opportunity to testify today. MFU sees value in trade relationships that benefit farmers and rural communities, create market opportunities that build on our strengths and improve our environment, and that are fair, stable, and competitive. Such a system is not only key to confronting our climate challenges and building strong rural communities but can help ensure farmers earn a fair price for the products they work hard to produce. MFU is committed to working with this committee on these important topics, and I am happy to answer any questions. Thank you.

692 Chairman Smith. Thank you, sir. We will now move on to questions.

693 Mr. Schiefelbein, as someone who also raises cattle in my farm back
694 in Missouri I certainly feel at home right here. Your facilities are much
695 nicer than mine and your tractors are a little bit bigger.

696 But America's farmers and ranchers they need fair treatment across the
697 board both in our export markets and here in the United States relative to
698 competition from imports.

699 I know in many of these markets both tariffs and nontariff barriers
700 place American beef, poultry, and pork at a disadvantage relative to foreign
701 competitors.

702 As a rancher can you share your perspective on why fair treatment in
703 export markets is so important to ranchers in particular in markets like the
704 United Kingdom and in Asia where the administration is currently
705 negotiating but failing to seek more market access for U.S. exports in these
706 areas and can you share some examples of the barriers that we must address
707 in order to obtain fair treatment in this region?

708 Mr. Schiefelbein. Well, thank you for the question, Chairman, and as
709 you can imagine when you have the greatest product in the world you want
710 to have access to everywhere, plain and simple, and fair trade is good when
711 you have the best product and that is what we want.

712 We want to have complete open access to every country because of

713 that. It was amazing, and I wished I would have recorded my discussions
714 with the U.K. government when I was over there last year.

715 They pleaded and maybe more accurately begged our government to
716 engage in trade. They said, we want to buy American beef. And, in fact, I
717 will build on that.

718 When we had dinner that night on the menu were all the various
719 varieties of beef. They had New Zealand beef and American beef. And we
720 said you know what? We are going to sample each one of those, see if we
721 really are the best, right.

722 What do you think happened when we tried to order the American
723 beef? Not available. Quota was hit. Product not available. Lost
724 opportunity for a market. That is where we need our government engaged.
725 That is where we need our government involved.

726 What they tend to do, and you hit the point right on, is they tend to put
727 these artificial barriers in there and they use things like scientific words to
728 describe why they do not want their product. They simply are a barrier to
729 entry for our product. We want free and open trade for everybody. Thank
730 you.

731 Chairman Smith. Thank you, sir.

732 Mr. Bakk, a key concern in America's failure to maximize our
733 domestic mining and processing of critical minerals it means we remain

734 dependent on imports from nations like China and other bad actors such as
735 hostile governments in countries that rely on forced labor.

736 What impact does the Biden administration's hostility towards mining
737 of critical minerals and other resources here in the U.S. -- for example,
738 cobalt, nickel, and copper right here in Minnesota -- have on Minnesota's
739 economy and the security of our supply chains?

740 Mr. Bakk. Well, thank you, Mr. Chairman.

741 Just recently the Biden administration cancelled some federal mineral
742 leases that were under lease to a mining company that was working on a
743 scoping document potentially to open a mine after -- had not even entered
744 the environmental review process yet and he terminated the leases.

745 Those leases had been in place for over 50 years and for some reason
746 decided to cancel them, and it totally runs contrary to the management plan
747 of the Superior National Forest.

748 Those leases are in an area in Minnesota and the management plan for
749 the Superior National Forest where they are. Mining is a desired use in the
750 management plan for the forest. So it really runs contrary to his own U.S.
751 Forest Service management plan.

752 But, potentially, if that project is not developed it is a huge hit to the
753 region, that one project, and there are a number of projects being
754 considered. There would have been 750 permanent jobs, 1,500 vendor jobs

755 that service that mine. Just an outstanding number of people, and the mine
756 life, you know, we only permit mines for 25-year segments but -- 25 years
757 at a time.

758 That deposit would have supported several generations of miners at
759 those kind of numbers -- 750 families plus 1,500 families working in the
760 vendor community that supports it.

761 And then there is the issue of, well, where are the metals going to
762 come from if they do not come from here and you did to hear me say in my
763 testimony the largest undeveloped body of ore of this type -- cobalt, nickel,
764 palladium, platinum group metals, cobalt -- is in northern Minnesota.
765 Largest in the world, and the exponential growth in the use of those
766 minerals for the new renewable energy economy I do not know where the
767 metals are going to come from.

768 You know, and it is pretty easy to go to photo ops in places like
769 Detroit -- no disrespect to Michigan -- but where you have tens of
770 thousands of workers and tout how we are going to make all of these
771 electric vehicles in Detroit.

772 The fact of life is unless they get the minerals that they need you are
773 not going to be able to complete them. They will not have enough parking
774 lot because without the batteries and the copper and the nickel that is
775 necessary the whole notion of trying to build this renewable energy

776 economy is going to fail and in this case it will be the fault of our federal
777 government. It is contrary to their own objectives.

778 Chairman Smith. Thank you, sir.

779 The next question is for Ms. Olson, Mr. Vold, and also Mr. Wertish.
780 Each of you come from farming families spanning more than a generation.
781 You all know firsthand the impact of trade on farmers and the importance
782 of having fair agreements that are enforced.

783 Whether it is Mexico's ban on American corn, Canada's failure to
784 uphold its bargain regarding dairy industry or other examples you all might
785 have, why is tough and effective enforcement of America's trade
786 agreements critical to farmers and rural communities that they support?

787 Ms. Olson?

788 Ms. Olson. Thank you, Mr. Chair. In our case you would think that
789 we would be jumping up and down. We sell organic corn and Mexico does
790 not want genetically engineered corn.

791 You would think that that would be a great thing for us. It is not. We
792 need a strong conventional corn market and that includes the biotech corn.

793 What we see in Farm Bureau is we need equal playing fields for all
794 farmers that are growing corn for the ability to export into Mexico and we
795 really would like to see the enforcement action there because in my
796 personal case today it is genetically engineered crops such as corn.

797 What is it going to be tomorrow? And the enforcement process is
798 there and we support going through that process to enforce what they
799 promised that they would do and that benefits all farmers in Minnesota
800 whether they are growing conventional non-GMO corn or organic corn.

801 Chairman Smith. Mr. Vold?

802 Mr. Vold. Thank you, Mr. Chair.

803 Well, simply put, without enforcement these agreements would end up
804 hurting us more than helping us, and I cannot speak directly towards the
805 corn conflict with Mexico because my focus is primarily on dairy so I am
806 going to revert back to the Canadian situation with the class seven alter
807 filtrated milk ban.

808 And one thing people need to understand from a farmer
809 -- a dairy farmer's perspective living in a small rural community is the fact
810 that when a situation like this happens it directly affects not only farm
811 families who are given literally just days to find a home for their milk that
812 they were having processed locally, they -- the dairy industry right now, as
813 we all are maybe aware of, is in an over surplus situation. You do not just
814 get on the phone and make a phone call to another dairy processing facility
815 to have your milk picked up.

816 So there are some very serious consequences when a situation like this
817 takes place. These families run the risk of literally losing their operations

818 that have been in effect for generations and not only is the operation loss
819 but it is every other business that is connected to that operation.

820 We figure that every dollar we generate on our farm is probably turned
821 over six or seven times in a local community. So you take out the roots of
822 your economic value it sends a shockwave not only through your
823 community, through your industry, but also through your economy.

824 Thank you.

825 Chairman Smith. Thank you.

826 Mr. Wertish?

827 Mr. Wertish. Sorry. The biggest thing -- like Brad mentioned, raising
828 grains it is not -- you do not have a perishable commodity like milk.
829 Obviously, they are in a different timeline on that.

830 But you can only store it so long and at some point, you know, we
831 need to -- really, you need stability in the markets because if you have -- all
832 of a sudden the trade agreement is not enforced and your market goes down
833 a significant number you still got grain to market.

834 You have loans to pay. You have debt to service. You cannot just put
835 it in the bin and tell your banker I am sorry, you know, I will just pay
836 interest. And sometimes they are fine with that.

837 But if you are -- look at the younger farmers, do not have that kind of
838 net worth. They have to move that crop every year to sell their -- to be able

839 to just to cash flow and service their debt.

840 So any uncertainty, disruption in trade agreements we are not
841 enforcing that definitely will hurt the younger farmers the hardest.

842 Chairman Smith. Thank you.

843 I am pleased to recognize the gentlelady from California, Ms.
844 Sanchez, for any questions she has.

845 Ms. Sanchez. Thank you, Mr. Chairman.

846 Mr. Wertish, you just spoke a little bit to trade enforcement and its
847 benefits for U.S. farmers and workers that the Biden administration has
848 prioritized for farmers, workers, and families.

849 Just to set the record straight, the USTR did in fact enact actions --
850 enforcement actions against Canada in the dairy sector and Mexico in the
851 corn sector. Is that not correct?

852 Mr. Wertish. Yes, that is correct.

853 Ms. Sanchez. Thank you. And there have been a number of
854 enforcement mechanisms that USTR has actually initiated as a result of the
855 trade agreements that we have negotiated -- one with Japanese beef, the
856 other with the European Union -- for some of what we consider to be
857 market barriers. So there is robust enforcement being attempted by this
858 current administration. Is that not correct?

859 Mr. Wertish. Yeah, that is correct and, you know, some of the trouble

860 around it, you know, it is not the administration's fault. Some of it is just
861 the complexity of the agreements and you are working with global -- with
862 other countries around the world. The complexity is a lot of times the
863 problem.

864 You know, it is not necessarily all the administration's fault. I believe
865 the administration is doing some of the enforcement agreements within
866 their power.

867 Ms. Sanchez. I think they are acting fairly aggressively, as a matter of
868 fact, because their track record with respect to the previous administration's
869 enforcement actions has actually grown exponentially.

870 I want to ask about -- we are in the midst of renegotiating the Farm
871 Bill for this year. During a Farm Bill year how can federal and tribal
872 governments work with farmers to promote not just production, which is
873 necessary and important and which we want to encourage, but we also want
874 to encourage it in an environmentally safe way?

875 So how can we work with farmers to promote environmental
876 stewardship as well as we look to reauthorizing the Farm Bill?

877 Mr. Wertish. Well, one thing I think we can -- I would like to thank
878 the current -- or the USDA for their climate smart technology or the
879 programs that they are initiating and providing funding.

880 A lot of that is -- you know, we all want to do a good job

881 environmentally. You know, I think we all can agree that we are doing --
882 as farmers we are doing a better job than we did -- say, our forefathers did.

883 You know, a lot of that is through technology and some of it is just
884 plain learning how to do things better and taking things a little more serious
885 and seeing what the damage that was actually happening, which we did not
886 realize it.

887 You know, at one time a lot of -- well, you see it in a lot of your
888 manufacturing companies are built along rivers. You got a lot of farms
889 built along creek sides. You know, that part is being taken care of. That is
890 being addressed.

891 So I think, you know, any type of funding or incentives that you could
892 put in the Farm Bill to help farmers do that.

893 Farmers -- you know, you are always on a -- it is always a tough time
894 in cash flow and you do not have high prices all the time. Right now prices
895 are sliding and our inputs are high. So that is getting to be very tight to
896 even be able to pay your bills.

897 So any incentives that we can get for the farmer to change some of his
898 practices, maybe change some of the type of equipment would be -- would -
899 - it is really a benefit to everybody because if you are up against -- you
900 know, just wondering if you are going to actually be able to pay your loan
901 back and if your -- if your banker is going to go along with you another

902 year it is pretty hard to change your practices on your farm because you just
903 cannot afford to.

904 Then it gets to be you might want to do -- you might see something
905 out there that would do a better job but financially you just cannot afford to
906 take that risk because by taking that risk if it does not work exactly the way
907 you wanted you could lose your farm.

908 Ms. Sanchez. Very understandable. And, finally, I was wondering if
909 you could speak briefly to the current challenges concerning the labor
910 workforce that the agricultural industry is facing.

911 We know that there are worker shortages in many different sectors but
912 specific to agricultural industry can you speak to that?

913 Mr. Wertish. Yeah. There is no doubt that, you know, all over the
914 United States is addressing labor shortages. It is hitting the farmers hard.
915 Brad here is a dairy farmer. It is hitting the dairy industry hard.

916 I have -- I have a couple of members that are a little bit larger
917 vegetable type operations. They are having a hard time getting employees
918 and we have a few members that are just commercial -- regular commodity
919 type farmers. They rely on some help from -- and they have been using
920 South Africans but they have had a harder time getting them here.

921 So definitely immigration alone and some of the H-2A visas if we
922 could -- anything we could do to speed it up and really address the

923 immigration problem is what you want to
924 -- you might call it because those workers -- in most cases, those people
925 want to come here and we have people that are willing to come here and
926 work but they cannot get here. So sometimes they come illegally and then
927 that just creates another issue.

928 Ms. Sanchez. We have tried with the bipartisan Farm Workforce
929 Modernization Act. We have not been successful in making that law but
930 we are working on that.

931 And, finally, Mr. Chairman, before I yield back I just want to
932 comment for Ms. Olson. Getting goods to market is important and so that
933 is why I am very pleased in the last Congress we passed the bipartisan
934 infrastructure bill to try to improve ways to move goods and services
935 efficiently throughout different regions.

936 And with that, I will yield back. Thank you, Mr. Chairman.

937 Chairman Smith. Thank you.

938 Mrs. Fischbach is recognized.

939 Mrs. Fischbach. Thank you, Mr. Chair.

940 Carolyn, thank you -- Ms. Olson would be more formal. But thank
941 you so much for being here. And, you know, enforcement of existing trade
942 agreements is a critical issue across commodities and I think we have talked
943 about that a little bit.

944 Proposals from Mexico regarding their unscientific ban of genetically
945 modified corn is a recent reminder and you have mentioned this and that we
946 have been holding -- to hold our trading partners accountable to the
947 promises they can make.

948 Can you speak about the impacts? And I think you did talk a little bit
949 about it, about the impact, lack of action on this issue for your organic farm.
950 But also maybe talk a little bit more broadly about your experience with --
951 as vice president of Farm Bureau and how -- what you are hearing from
952 others.

953 And do understand I am under a five-minute time limit. So I just --
954 but thank you.

955 Ms. Olson. Yes. Thank you, Congresswoman.

956 For us personally strong conventional corn markets helps drive the
957 organic market. Prices are not tied together. They are more held together
958 by rubber bands. So when the conventional market goes up eventually we
959 will catch up and when it goes down eventually we catch up to that as well.

960 So as organic farmers how it impacts us the most is when commodity
961 prices fall because of lack of the export market. Then it will affect my farm
962 as well and that is the most direct personally.

963 Our members are concerned -- you know, 30,000 members in
964 Minnesota and they are concerned about losing a market. Many of our

965 friends grow both organic and conventional. Some are just conventional.

966 Some are growing non-GMO and conventional.

967 Minnesota grows a lot of corn in a lot of ways and mostly what they
968 are concerned about is the loss of a market and what happens next, you
969 know, what -- if it is this ban this time that is for whatever reason -- because
970 it is not based on science -- what is the next thing that is coming.

971 So to enforce that you prevent that Pandora's Box from being opened.

972 Mrs. Fischbach. Thank you very much.

973 And, Mr. Schiefelbein, you mentioned a little bit about some of your
974 trips abroad that you were you were talking about and just wondering, you
975 know, if you can speak to the importance of these missions -- you touched
976 on them just a little bit -- and what it means with a comparatively inactive
977 USTR.

978 Mr. Schiefelbein. Yeah, and again -- and I do not mean to be
979 disrespectful to anybody but I am going to answer it candidly, and I am so
980 excited about you all getting the chance to meet my family.

981 I have three beautiful daughters that are incredibly bright and talented.

982 But I really do not need the government's help in raising my kids. Okay.

983 Where I do need your help is the constitutional requirement to open
984 trade agreements for us, and if you look at when we engage the United
985 States great things happen. When we disengage, guys, lost opportunities

986 abound and I just encourage you all do not be MIA.

987 Get involved. Figure out how we can engage U.S. agriculture, sell the
988 best products in the world to the world, and great things will come. So that
989 is my plea for you, Mrs. Fischbach.

990 Mrs. Fischbach. Thank you very much.

991 And, Mr. Vold, you talked a little bit about the SAFE Act and you
992 mentioned that and maybe you can just expand a little bit on what it really
993 means, you know, to protect those -- just expand a little -- and protect those
994 generic titles.

995 Mr. Vold. Absolutely. So Land of Lakes produces and markets a lot
996 of common named products. For example, a lot of the milk that I produce
997 on my farm is made into Parmesan, which is one of those common named
998 products that is being targeted.

999 So it is really more than a relabeling issue because if we have to
1000 rename the product that my dairy produces because it is a generic name that
1001 really basically spells down to a lost market share because it basically -- it
1002 just creates confusion in the marketplace because I can have a container of
1003 Parmesan here and then I am going to have this newly named U.S. product
1004 that most European markets and U.S. domestic markets are not going to
1005 recognize.

1006 So the bottom line is it directly affects the -- my business and, again, it

1007 is a ripple effect through the industry and that is with so many products that
1008 my co-op produces.

1009 Mrs. Fischbach. Thank you very much. And, Senator Bakk, I would
1010 have gotten to you but I know that Representative Stauber has a couple of
1011 questions for you. So thank you.

1012 With that, Mr. Chair, I yield back.

1013 Chairman Smith. Thank you. Mr. Stauber is recognized.

1014 Mr. Stauber. Thank you very much. And, Frosty, I have only met one
1015 of your children and I tell you what, what a blueprint for America.
1016 Congratulations, and it is a blueprint for all of us. Your comments are spot
1017 on. We appreciate them so much.

1018 You know, just last week China announced that it plans to impose
1019 export restrictions on two important minerals, which are both used in
1020 semiconductors and EV batteries. This, they say, is in retaliation of our
1021 own export controls on certain semiconductors to China.

1022 China is doing this because they can. They control the vast majority
1023 of rare earth and critical minerals in the entire world.

1024 China has a long history of engaging in trade wars with the United
1025 States and other countries and the world's increasing dependence on critical
1026 minerals and China's growing control over these same minerals. It will
1027 only lead to a greater and greater threat to the United States and our allies.

1028 What is stopping China from banning the export of cobalt, nickel, or
1029 copper? Critical minerals will be the most sought after commodity of this
1030 21st century and the United States is setting up China to hold the same
1031 power OPEC did over global oil supply chain in the '70s.

1032 The opportunity we have here in the United States is not only become
1033 critical mineral independent but become critical mineral dominant.

1034 We have an incredible opportunity to export these minerals to allies
1035 and partners around the globe, lessening the grip of countries like China on
1036 global supply chains.

1037 Senator Bakk, thank you for agreeing to come here and be an expert
1038 witness. On behalf of northeastern Minnesota your service to our state is
1039 commendable. We want to talk about promoting mining.

1040 In your statement you said there is trillions of dollars. I want to add to
1041 that because a leading geologist said there is trillions and trillions and
1042 trillions of minerals in the Duluth Complex.

1043 When crafting trade agreements with other countries one of the
1044 biggest focuses of policymakers is protecting our workers here in the
1045 United States along with ensuring workers in our other -- in other countries
1046 have proper working conditions and receive fair wages.

1047 Senator, in your written testimony you touched upon some of the
1048 projects here in Minnesota that are being held up at every turn. One project

1049 in particular is on its twentieth year of permitting and just had its Clean
1050 Water Act permit pulled a few weeks ago. Historic. Never has happened
1051 in the United States.

1052 Can you share -- can you share some of the benefits that the jobs these
1053 projects would bring and the impact that they would have on our local
1054 economies in northeastern Minnesota and the nation broadly?

1055 Mr. Bakk. Well, thank you, Mr. Chairman and Representative
1056 Stauber. I should have mentioned first in my earlier answer, if I could
1057 digress for a second, it is worse than just the two mineral leases that the
1058 Biden administration canceled.

1059 In addition, by executive order they put a moratorium on 225,000
1060 acres of land in northern Minnesota for 20 years. No exploration, nothing.

1061 I just -- it is frustrating. I look at those communities -- some of those
1062 communities that I represent. The city of Ely, for example, and the city of
1063 Babbitt kind of bookend these projects. I think -- if I remember right 15
1064 kids graduated from the Babbitt school this year.

1065 When I graduated they were graduating about 150. And Ely, same
1066 situation. Bigger town, about 3,200 people. They went from graduating
1067 about almost 200 people when I was in school to 47 this year.

1068 Rural Minnesota needs economic development. Rural America needs
1069 economic development if these communities are going to survive.

1070 I often say if you want to look up the health of a community take a
1071 look at their school census because for a community to be healthy you need
1072 young families that are raising kids, putting kids in school, and if you do
1073 not have that you are a community that is slowly dying.

1074 But the jobs lost are just exponential and it is opportunities for
1075 generations that are lost, and what is problematic is we are not even
1076 allowed to do a scoping document to consider what environmental issues
1077 there might be.

1078 So nobody can even come and -- bad enough you cannot do an
1079 environmental assessment. You cannot even do the scoping document that
1080 would tell you what should we study, what is the potential impacts to the
1081 environment.

1082 So it is bad for Minnesota. It is bad for the country. Frankly, I think it
1083 is bad for the world because as this
1084 -- these critical mineral shortages happen prices are going to go up
1085 exponentially and we all will pay a price for that. We need more
1086 development all across the country and across the world.

1087 Mr. Stauber. And I will just end with this. Thank you for your
1088 comments.

1089 Minnesota is ready, able, and willing to mine these and this
1090 administration's policies of anywhere but America and any worker but

1091 American has to stop. We must control our own destiny.

1092 Mr. Chair, I yield back.

1093 Chairman Smith. Thank you. Ms. Moore is recognized for questions.

1094 Ms. Moore of Wisconsin. Thank you so very, very much and I do

1095 want to thank Representative Fischbach for hosting us here.

1096 I am a neighbor. I am from the great state of Wisconsin so I can really

1097 relate to the agricultural challenges and the climate challenges that face our

1098 states here in what is not a flyover country.

1099 I just want to point out that while Minnesota claims it is the state of

1100 10,000 lakes, probably about 11,400 lakes, but Wisconsin has more.

1101 [Laughter.]

1102 Ms. Moore of Wisconsin. We have 15,000 lakes. That being said, we

1103 do need to protect water and so I guess my first question is going to go to

1104 Senator Bakk.

1105 I really agree with you that in your testimony you mentioned that with

1106 the amount of nickel and copper, perhaps, in northern Minnesota we could

1107 create 310 million electrical vehicles, with the amount of nickel we have

1108 200 million, and I am so glad to see young people here because I think that

1109 we have gone from a place where starvation in the world was a real risk to

1110 with new technologies, with science, we have learned how to do things

1111 better so that we can feed the world.

1112 So my question really is has the Army Corps of Engineers said that the
1113 sort of -- and I do not know if you are in relation with Glen -- what is it,
1114 Glencore Company, the largest mining company in the world?

1115 Mr. Bakk. Relationship with them.

1116 Ms. Moore of Wisconsin. You do not? Well, they have projects.

1117 PolyMet -- I was just reading in the the paper, the Star Tribune, today.

1118 There was an editorial about transparency being at risk for Minnesotans.

1119 They said that the international Glencore owns all of PolyMet Mining
1120 Corporation and they were very concerned that the massive copper/nickel
1121 deposits in Lake Superior and boundary waters would be harmed.

1122 And so I am wondering if that is part of the challenge that you are
1123 facing with regard to the permitting process, the notion that the boundary
1124 waters have to be properly protected.

1125 Mr. Bakk. Well, thank you, Mr. Chairman and Ms. Moore. First, let
1126 me say no one loves the boundary waters more than those of us that live
1127 next to it.

1128 We do not go there on vacation. It is six miles from my home, and I
1129 have spent hundreds of nights in a tent there and the last thing I would do is
1130 support a process that any way diminished the environmental quality of
1131 that.

1132 What I should say just for the record that the PolyMet project, and I do

1133 not have any relationship with them, is on the site of a taconite mine that
1134 went bankrupt where we mined already for 50 years.

1135 And it is not in the boundary waters watershed in any way. It is in the
1136 watershed of Lake Superior and the river that runs from the PolyMet --
1137 potentially the PolyMet tailings basin, it is 130 miles of river before you
1138 ever got to Lake Superior.

1139 But I think what is critically important is those of us that live in
1140 northern Minnesota we have supported mining and we have mined there for
1141 140 years and if you talk to -- you can look at the studies from the
1142 Minnesota Pollution Control Agency. They will tell you that the cleanest
1143 water in all of Minnesota is in northeastern Minnesota where 140 years of
1144 mining has been going on.

1145 Ms. Moore of Wisconsin. Well, okay. You were mining the same
1146 sort of things and so the Army Corps of Engineers is just sort of trying to
1147 protect the water. I need to ask Mr. Wertish. Right.

1148 So can you just talk about how the increasing tensions for responding
1149 to climate change and really having a sustainable environment is related.
1150 Another thing I wanted to ask you about is how can you be efficient and
1151 still push back against large corporations taking over the farms?

1152 I know in Wisconsin we had lots of suicides among small farmers
1153 because of the large corporate farming, argument being we are more

1154 efficient. You know, we are big.

1155 Can you tell me what we could do to make sure that environmentally
1156 sustainable methods are being used while we protect small farmers and still
1157 be environmentally sustainable?

1158 Mr. Wertish. One thing I think would help on the environment is take
1159 the politics out of it. You know, it has been turned into a political --
1160 whether you call it global warming or climate change or whatever it was.

1161 But I can tell you about a month ago right now on our farm as you
1162 came up in the bus you saw the extreme stress on the corn that is up here.
1163 Some of that corn even if we get rain some of that might not make it and if
1164 it does it will be very, very low yielding.

1165 About a month ago our farmers got stressed too on their corn. About a
1166 month ago about 15 miles from my farm there was an area -- it was not a
1167 large area but they got 10 inches of rain in two hours. Those are the things
1168 that are happening.

1169 You know, I am glad to see for the most part most people on both
1170 sides of the aisle are starting to take that a little more serious, which we
1171 need to. So that is a challenge. And as far as efficiency with the large --
1172 the larger equipment and all that it does make it harder
1173 -- challenging for a smaller farmer to make it.

1174 In the first place, the larger equipment you can harvest so many more

1175 acres in a day. But that is not necessarily always more efficient, though,
1176 either.

1177 You know, you can have a small farm that can be very efficient but
1178 some of it goes back to the access to markets. They need a fair price for
1179 their product so they can -- so they can make a living on their farm.

1180 Brad here has got 500 cows, and I grew up on a dairy farm. My father
1181 had, I think, around 30 cows. Made a nice living on that. You cannot do
1182 that anymore and that is the problem.

1183 Ms. Moore of Wisconsin. Thank you so much. The chairman is
1184 looking at me.

1185 [Laughter.]

1186 Chairman Smith. Thank you, Ms. Moore. You have been to so many
1187 of our field hearings I gave you a little bit more time. So we appreciate
1188 that.

1189 Mr. Finstad?

1190 Mr. Finstad. Thank you, Mr. Chairman.

1191 And as I look around this room I see some of the best
1192 environmentalists and conservationists that this country has to offer and we
1193 have done it as farmers over generations because the best asset -- the
1194 biggest asset that we have is the land that we are going to pass on to the
1195 next generation.

1196 And so for us it is everything to make sure that we are leaving it better
1197 for our kids and I see so many folks in this room that are doing that day in
1198 day out. So thank you.

1199 Mr. Schiefelbein, so I feel like an underachiever. I only have seven
1200 children -- five boys, two girls. But thank you so much.

1201 Mr. Schiefelbein. Well, it is not too late.

1202 Mr. Finstad. Yeah, that is right. It is a good start, right? It is a good
1203 start.

1204 Thank you so much for hosting this today and I just want you to know
1205 and your family to know that Big Frank was a great man, someone that I
1206 looked up to. I was elected to the Minnesota House when I was 24 years
1207 old and I remember meeting him right away and I am, like, who is this guy
1208 -- he knows everything.

1209 And what drew me to him was his kind heart. He was
1210 -- he was a good man with a kind heart that really cared about our state and,
1211 again, cared about the next generation and what we can do to make sure
1212 that we are leaving farm country better. So it is an honor to be here.

1213 I want to talk to you a little bit about the trade deficit. As an Ag trade
1214 deficit right now we are at about \$14.5 billion this year and our overall
1215 trade deficit has reached a staggering \$945 billion, the largest ever.

1216 And so I guess some -- my question is probably pretty simple. A lot

1217 of us in this room believe that, you know, we have to have free trade but it
1218 has to be fair trade.

1219 So as a producer that has been on these trade missions and someone
1220 that understands this can you give us an idea of where do you see
1221 opportunities? What should we be focused on to try to balance that trade
1222 deficit?

1223 Mr. Schiefelbein. Yeah, and the beef is so different from most
1224 commodities in that it has lots of pieces and lots of parts, that lots of
1225 different populations like this piece better than that piece.

1226 So from our perspective the way we generate the most dollars back to
1227 the beef industry is get as many countries with as wide a variety of
1228 backgrounds as you possibly can so the varying pieces and parts can be sold
1229 to their maximum utility.

1230 The other thing I said -- and that is why my comments were so
1231 aggressive on efficiency -- almost always when you go into trade
1232 agreements they push back on the very things that make food available for
1233 the poorest of the poor and, to me, that is a disservice for not only the
1234 United States farmers but for the world.

1235 We have got to keep our eye on the ball and make sure that they --
1236 what they may label as a scientific notation is real and not just another
1237 means to say, we do not want your efficiently produced product.

1238 Mr. Finstad. Thank you for that. Just a quick yes or no. So you
1239 talked about your production increases over 300 percent in the last, you
1240 know, 20 years or whatever it was. Did government make you do that?
1241 Did government tell you to do that?

1242 Mr. Schiefelbein. No, they did not.

1243 Mr. Finstad. Okay. Thank you, and thank you for doing it without
1244 being told.

1245 Ms. Olson, so thank you so much for being here. You know, as we
1246 look at some of the trade issues that lie before us -- potentially lie before us,
1247 especially when it comes to animal disease, animal health. You know, we
1248 look at African swine fever, the avian influenza.

1249 What can we do to be proactive and to start thinking about, you know,
1250 the -- A, the devastation that could happen and if you could tell us a little
1251 bit about the reality of that devastation if African swine fever hits our
1252 shores.

1253 The second piece is when it comes to trade what can we do now to
1254 start conversations with our trade partners about some of those major
1255 animal health diseases that we continually need to face?

1256 Ms. Olson. I am going to answer that in reverse order, Mr.
1257 Congressman, if you are okay with that. Thank you for that question and
1258 thank you, Mr. Chair.

1259 For our farm the devastation is going to be a little bit more clear after I
1260 talk about the trade part.

1261 We need to be talking now about what could happen if African swine
1262 fever gets onto the North American continent. That affects not only the
1263 U.S., it affects Mexico. It affects Canada.

1264 And with our proximity to Canada geographically and the number of
1265 live hogs that moves back and forth we need to be discussing that right now
1266 especially with those two trading partners, discussing strategies for keeping
1267 it off of our continent or keeping it away from us as much as possible.

1268 Enforcement, detecting the meats coming in, you know, people trying
1269 to bring cuts of pork in in their luggage, the Beagle Brigade funding those,
1270 but talking about the importance of that with our trade partners and looking
1271 at ways to mitigate the chances of it spreading is of utmost importance.

1272 If we do not do that and try and prevent it from coming to our shores
1273 then we also need to be talking about our vaccines and our vaccine banks
1274 and that strategy and have our trading partners understand the importance
1275 of that as well.

1276 Because when it gets to my farm what will happen is we are a contract
1277 finisher, which means we do not own the pigs. We do the labor. We own
1278 the barns. We own the manure.

1279 As an organic farmer that manure is critical for our farm's success. If

1280 we are unable to raise pigs any longer in our barns because we have to
1281 depopulate or our grower has to depopulate that means we have no manure
1282 and no fertility for our organic crops and that will be devastating for us.

1283 But not only the crops, it is also our neighbors who raise the corn and
1284 soybeans that go to feed the pigs. It is a ripple effect that will have an
1285 impact on the local economy that I cannot even put into an estimate because
1286 it will be devastating.

1287 And Lyon County where I live is not even the largest pork producing
1288 county. Your district is. So it would be
1289 -- it would be utterly devastating so it is critical that we do talk with our
1290 trading partners on strategies to keep it out.

1291 Mr. Finstad. Thank you. And Mr. Chair, before I yield back I just
1292 have to take this opportunity. I see a lot of our friends and neighbors that
1293 serve in law enforcement with the Minnesota State Patrol and others here
1294 today. I just want to thank them for being here.

1295 [Applause.]

1296 Mr. Finstad. And I yield back.

1297 Chairman Smith. Thank you very much.

1298 Pleased to recognize the subcommittee chairman on trade, Mr. Smith.

1299 Mr. Smith of Nebraska. Thank you, Mr. Chairman. Certainly, thank
1300 you to all of our panel here today -- our panelist experts, certainly here in

1301 this region. Grateful for your participation and sharing your insight.

1302 Forgive me for expressing my frustration that the administration -- the
1303 Biden administration is approaching trade with dialogues and frameworks
1304 rather than trade agreements -- congressionally-approved trade agreements,
1305 trade agreements that increase the opportunities for enforcement, trade
1306 agreements that increase opportunities for leveling the playing field on
1307 labor issues and the environment.

1308 And so I hope that we can see a shift. I would like to see actually
1309 President Biden take a stage somewhere and make it very clear that what
1310 Mexico is doing with our corn is wrong and that actually if Mexico gets
1311 away with this it will undermine all of our trade policies, our rules-based
1312 trade approach.

1313 So I am glad the USTR is approaching the enforcement issue. I know
1314 that the Secretary of Agriculture has mentioned it a little bit. My, what a
1315 great thing it would be for the President to take a stage.

1316 He does not even need corn stalks behind him but just to make a
1317 statement that what Mexico is doing is wrong. And so that is why
1318 enforcement is so important and I was wondering, Mr. Vold and Ms. Olson,
1319 can you touch -- when it comes to enforcement I think you have talked
1320 about it a little bit. But if you could elaborate why enforcement tools are so
1321 critical to dairy and corn producers respectfully

1322 -- respectively.

1323 And then if you can elaborate on the impact of what could happen to
1324 dairy and corn producers if we do not really address this issue with Mexico
1325 and also the dairy TRQ.

1326 Ms. Olson, if you would like to go first.

1327 Ms. Olson. Thank you. For us and for Farm Bureau, all of my
1328 farmers and friends in the neighborhood, if we lose the market with Mexico
1329 because they decided that they did not want to take this type of corn it
1330 would be devastating. Corn prices are sliding, as Mr. Wertish had indicated
1331 earlier. Corn prices are sliding. We were profitable last year.

1332 In 2021 farmers in southern Minnesota -- each farmer had an impact
1333 of over a million dollars in the local economy. It is like \$1,109,000 and
1334 that is according to Farm Business Management numbers so that is actual
1335 farm data.

1336 When we lose our markets, when the prices go down because then we
1337 have too much domestic supply, that means farmers have trouble making
1338 ends meet. They will not be able to make enough of a profit to survive to
1339 farm another year.

1340 Sustainability also has to include financial sustainability and trade
1341 markets are critical for that.

1342 Mr. Smith of Nebraska. Mr. Vold?

1343 Mr. Vold. Yes. Thank you, Congressman Smith and the chair, for the
1344 question. Again, I will stress the fact that enforcement is necessary.
1345 Otherwise, our trade issues will be devastated and it will personally hurt our
1346 family farms.

1347 You mentioned a little bit about the TRQ. I know there has been some
1348 issues with the Canadian markets as far as them honoring the actual levels
1349 of TRQ. I am not a trade expert but I am familiar with that as a dairy
1350 producer and the negative effects it will have on my business if we cannot
1351 continue to get Canada to honor those agreements that have been in place.

1352 So with that, again, it is the ripple effect. If we cannot enforce the
1353 agreements that we have in place with the Canadian government and
1354 Mexico, they are key players in the product that we move from my farm
1355 and it will have a negative effect on the bottom line and, again, on my
1356 community. So with that, I thank you.

1357 Mr. Smith of Nebraska. Thank you. And certainly thank you, Mr.
1358 Schiefelbein, for your hospitality here today. But if you could touch briefly
1359 on trade agreements actually lowering tariffs for beef and also the nontariff
1360 trade barriers that you touched a little bit on. But if you could elaborate on
1361 that.

1362 Mr. Schiefelbein. One only needs to look at the Korea agreement and
1363 see what good things occur when we engage with trade. There was a 40

1364 percent tariff on beef. Okay. That phases out over the next three years to
1365 zero.

1366 Who do you think is our number-one exporter of beef today? Korea.
1367 If you put in free trade agreements that work and take away these barriers
1368 great things happen. So I almost stood up and gave you a standing ovation,
1369 sir, because we need to engage in trade.

1370 Mr. Smith of Nebraska. Thank you. I yield back.

1371 Chairman Smith. Thank you. Mr. Kildee is recognized.

1372 Mr. Kildee. Thank you, Mr. Chairman, and to our witnesses, thank
1373 you. Mr. Schiefelbein, thank you so much for your hospitality. You got to
1374 be all right.

1375 I wish I had the chance to meet Big Frank if for no other reason than
1376 somebody who has got that car out there that Hubert and Muriel Humphrey
1377 rode around in is good enough for me. So thank you so much. It is a great
1378 story. It really is. It is. Thank you so much.

1379 Look, we have some differences, but I think what this hearing shows
1380 is that we actually have a lot of common ground, those of us who represent
1381 the broad spectrum of American political thought.

1382 Driving out here, riding out here on this bus I felt very much at home.
1383 This looks a lot like the district that I represent back in Michigan where we
1384 have more lakes than Wisconsin.

1385 [Laughter.]

1386 Mr. Kildee. I am not going any further than that, not while I am in
1387 Minnesota I am not. But the issue of trade enforcement has come up and I
1388 just want to put a point on that. Enforcement is absolutely critical.

1389 Ensuring that our trading partners and the U.S. have mechanisms that
1390 are efficient to enforce trade but also as we negotiate agreements -- and I
1391 agree with many of my colleagues and I have some disagreement with our
1392 own -- with the Biden administration on this point.

1393 We need an aggressive trade agenda and we need it to be a trade
1394 agenda that comes through the United States Congress and includes
1395 congressional advice and consent, which is more sustainable, number one,
1396 but also gives us the opportunity as we negotiate with our trading partners
1397 to insist that they enact reforms in their own domestic practices, their legal
1398 structure, in order to make sure that we do have free and fair trade. This is
1399 really an important point.

1400 Now, the issue of corn, obviously, has been covered. I will not get
1401 further into that. My corn growers certainly do need to have the technical
1402 aspects of USMCA adhered to and not have -- for cultural reasons the
1403 president of Mexico decided to go in a different direction. It needs to be a
1404 science-based decision and we hope that we can hold them accountable to
1405 that.

1406 But I want to touch on another area that I know is important to me and
1407 also to the folks here in Minnesota and that has to do with sugar.

1408 Sugar growers support 144,000 jobs over the U.S. Two thousand
1409 local family sugar beet growers that I represent are absolutely dependent on
1410 that aspect of our economy and these jobs are regularly threatened by unfair
1411 trade practices across the world that allows sugar to be sold at below
1412 production costs, undercutting American farmers.

1413 We have to ensure that we have trade tools to ensure American
1414 farmers can fairly compete and support the American workers.

1415 Now, last year Congressman Earl Blumenauer and I traveled to the
1416 Dominican Republic to meet with workers there and what we saw I would
1417 say is the closest thing that I have ever seen to modern slavery -- workers
1418 who were forced into dangerous working conditions, did not receive the
1419 pay they were due often, living in abhorrent housing conditions.

1420 Forced labor has no place in the U.S. supply chain and that is why I
1421 have been proud to work to make sure that we can get enforcement actions
1422 against those Dominican operations and ensure that we protect the ability
1423 for American growers to produce a high-quality product and get a fair price.

1424 So as we move forward, in a Farm Bill year an important initiative that
1425 we have to support is the U.S. sugar farmers and the U.S. sugar program
1426 and push back against what some would argue for and that is that we need

1427 to be more dependent on imports of sugar even though we already import
1428 sugar from over 40 countries.

1429 This is a really important part of our agriculture policy in this country
1430 and I wonder if Mr. Wertish and Ms. Olson, as leaders of the two largest
1431 farm organizations in Minnesota can you talk about the sugar program and
1432 how important that is in the Farm Bill to Minnesota members, because I
1433 know it is important to the folks that I represent back home in Michigan.

1434 Ms. Olson. I will go first. Thank you, Congressman and Chairman.

1435 In Minnesota Farm Bureau we rely on the expertise of the two large
1436 sugar cooperatives in the state of Minnesota. We do not have a lot of our
1437 own policy on sugar because it is so complicated.

1438 But we would argue, again, for equitable trade and free trade for sugar
1439 as well because we do have many members that raise sugar beets in our --
1440 in our membership base as well.

1441 But it is not something that I am an expert on and it is very
1442 complicated as well so I will defer to Mr. Wertish.

1443 Mr. Wertish. Thank you.

1444 Sugar, obviously, is very important to Minnesota and the -- we have
1445 two in Minnesota. I have one right across the
1446 -- in Buckman or in Wahpeton. So we have three cooperatives -- farmer-
1447 owned cooperatives within Minnesota and the Red River Valley and we are

1448 the largest producing area in the whole United States with beet sugar.

1449 The U.S. sugar program has worked very well as a no-cost program
1450 when it is run effectively and it has, and for the most part the USDA has
1451 done a good job running -- administering that program. It is set up with
1452 TRQs various because we do need to import some sugar.

1453 We do not raise enough for ourself. But at the same time sugar on the
1454 global market a lot of countries they use the slave labor, whatever it is, to
1455 produce it and they dump that in the world market at six cents a pound or
1456 whatever number they have.

1457 You will have -- you will hear pressure from our confectionaries -- I
1458 forget the exact acronym of their organization -- that, you know, we need to
1459 get rid of the sugar program because our consumers are paying so much
1460 more for a price -- for their candy bars and all that stuff.

1461 But the sugar program has run very effectively for a long time. I still
1462 remember when Kiki Garza was the chairman of the Ag Committee from
1463 Texas a long time ago.

1464 I am an original sugar beet grower. I started -- I am an original grower
1465 from the Renville plant. I do not raise anymore. So I do have a long
1466 history in that industry and it has been very profitable. The jobs that we
1467 provide out of the plants are very profitable paying jobs in rural
1468 communities.

1469 That is what we need to do and that is what I talked about earlier. We
1470 need domestic policy, too, and the more those types of jobs we can have in
1471 rural communities we all benefit. But the Farmers Union a very strong
1472 supporter of the sugar program.

1473 Mr. Kildee. Thank you so very much and thank you for the
1474 indulgence, Mr. Chairman. Thanks for holding this hearing.

1475 Chairman Smith. Thank you, Mr. Kildee.

1476 I would like to recognize Ms. Moore to enter into the record some
1477 newspapers, right?

1478 Ms. Moore of Wisconsin. Yes, sir. Thank you so much. I made a
1479 couple of references to newspapers that I read today from the Star Tribune.

1480 One says "TV Forecasters take the Heat for Covering Climate
1481 Change" and this is with respect to your comments about how we need to
1482 take the politics out of climate change. And the other is from today's paper,
1483 "Transparency is at Stake," and this is with regard to the PolyMet Glencore
1484 copper/nickel mine. And so with that, without objection I would like to put
1485 those in the record.

1486 Chairman Smith. Without objection, so ordered. Thank you.

1487 [The information follows:]

TV forecasters take the heat for covering climate change

Des Moines meteorologist says the harassment got so bad that he quit his job.

By HANNAH FINGERHUT,
HEATHER HOLLINGSWORTH
and SUMMER BALLENTINE
Associated Press



CHARLIE NEIBERGALL • Associated Press

Meteorologist Chris Gloninger has left KCCI-TV due in part to threats he received for his coverage of climate change.

DES MOINES - The harassment started to intensify as TV meteorologist Chris Gloninger did more reporting on climate change during local newscasts — outraged emails and even a threat to show up at his house.

Gloninger said he had been recruited, in part, to “shake things up” at the Iowa station where he worked, but backlash was building.

The man who sent him a series of threatening emails was charged with third-degree harassment. The Des Moines station asked him to dial back his coverage, facing what he called an understandable pressure to maintain ratings.

“I started just connecting the dots between extreme weather and climate change, and then the volume of push-back started to increase quite dramatically,” he said.

So, on June 21, he announced that he was leaving KCCI-TV — and his 18-year career in broadcast journalism.

Gloninger’s experience is all too common among meteorologists nationwide who are encountering reactions from viewers as they tie climate change to extreme temperatures, blizzards, tornadoes and floods in their weather reports. For on-air meteorologists, the anti-science trend that has emerged in recent years compounds a deepening skepti-

cism of the news media.

Many meteorologists say it’s a reflection of a more hostile political landscape that has also affected workers in a variety of jobs previously seen as nonpartisan, including librarians, school board officials and election workers.

For several years, Gloninger said, “beliefs are amplified more than truth and evidence-based science. And that is not a good situation to be in as a nation.”

His announcement sent reverberations through a national conference of broadcast meteorologists in Phoenix, where many shared their own horror stories, said Brad Colman, president of the American Meteorological Society.

“They say, ‘You should have seen this note.’ And they try to take it with a smile, a light-hearted laugh,” he said. “But some of them are really scary.”

Meteorologists have long been subjected to abuse, but that has intensified in recent years, said Sean Sublette, a former TV meteorologist and now the chief meteorologist at the

Richmond Times-Dispatch.

“I’ve had people call me names or tell me I’m stupid or these kinds of harassing type things simply for sharing information that they didn’t want to hear,” he said.

Climate Matters, a National Science Foundation-funded project, was launched in 2012 to support reporting on climate change by providing data analysis, graphics and other reporting materials.

Now TV meteorologists across the country report on climate change. But Edward Maibach, director of the Center for Climate Change Communication at George Mason University, said they don’t always use those words. It is increasingly common to at least show its effects, he said.

Gloninger is moving back to Boston to care for aging parents, but he said he’s leaving Des Moines having realized that a small percentage of people who reject climate change make up an overwhelming percentage of the negative comments he received.

FDA urged to probe energy drink

ASSOCIATED PRESS



MINING

Transparency is at stake

Why should Minnesotans care if notorious multinational Glencore owns all of PolyMet Mining Corp., rather than the 82% majority Glencore owns now? The answer: secrecy (["Glencore bids for full control of PolyMet,"](#) July 4).

PolyMet/Glencore proposed Minnesota's first copper-nickel mine in headwaters and wetlands upstream from the Fond du Lac Reservation and Lake Superior. PolyMet's major permits have all been reversed or revoked because its mine project would violate laws, including downstream water quality standards. But PolyMet and Glencore have not given up on sulfide mining. In fact, Glencore, under the "New Range" brand, seeks control of massive copper-nickel deposits in the Lake Superior (NorthMet) and Boundary Waters (Mesaba/Teck) watersheds.

Today, PolyMet is a public company regulated by Canadian securities law. Much of what we know about PolyMet's expansion plans was hidden in permitting but disclosed in reports required by securities law to protect investors. You can read these reports online. If Glencore has its way and PolyMet goes private, that disclosure goes dark. You and I won't be able to find or verify data about mine costs, profits, jobs, mineral reserves, liabilities or expansion plans.

Minnesota agencies have yet to hold Glencore responsible on a single one of PolyMet's (failed) permits. We cannot assume they will defend taxpayers or the environment. Glencore, the world's biggest mining company with a long and sordid record for bribery and corruption, would own PolyMet behind a veil of secrecy. Whether we Minnesotans care about the future of our economy, our communities or our clean water, Glencore would "own" us.

1488 Chairman Smith. Mr. Ferguson is recognized.

1489 Mr. Ferguson. Thank you, Mr. Chairman, and my colleagues from
1490 Minnesota, I want to thank you all for inviting us up here to a land with so
1491 many people with so many funny accents.

1492 [Laughter.]

1493 Mr. Ferguson. You all sound different than we do. Despite the fact
1494 that we sound different I have noticed some very common threads that
1495 exists between farmers and producers here in Minnesota and those back
1496 home in Georgia.

1497 These are family-owned businesses, in many cases, that are based on a
1498 few things. Number one, you want a vibrant economy where you can
1499 provide for your family in. You know, you want to be part of a community
1500 being a decent safe place to live.

1501 You want a brighter future for your children with, you know, with a
1502 strong good education, preparing them for a 21st century economy and you
1503 want the freedom to be who you want to be in this great country and to be
1504 able to speak with a good Southern accent or northern Minnesota accent,
1505 right, Pete?

1506 But at the core of that -- at the core of that is American
1507 competitiveness because without a job and a strong economy and an ability
1508 to defend ourselves around the globe and here at home we are weak and all

1509 of the other things that we want for our families do not fall into place if we
1510 are not strong globally.

1511 So there has been a lot of focus on trade. But I do not want us to ever
1512 lose the fact that we need to be always working on things that make
1513 America the most competitive place in the world to invest and do business
1514 and then have the trade agreement come in on top is the icing on the cake.

1515 So, Mr. Schiefelbein, could you talk just briefly about how much your
1516 input costs have gone up over the past couple of years? Describe a couple
1517 of those factors and the impact that that has on your competitiveness in the
1518 global marketplace.

1519 Mr. Schiefelbein. Yeah. Costs have just gone enormously higher and
1520 we are a high dollar use company anyway. But when you double a million
1521 or \$2 million business you are asking for a much larger line of credit. So it
1522 is huge and its impact is immense.

1523 Then what you have is an occurrence like right now where we are we
1524 are in this drought and you look at all those investments we have made in
1525 all that infrastructure and all those commodities and it just looks just
1526 incredible.

1527 So we are up 200 percent, roughly, across. The way my wife always
1528 says it -- she gets a bill, you know what she says? Guess what, it doubled.
1529 And so that is kind of what we are facing.

1530 Mr. Ferguson. So we do not need to lose sight of the fact that we need
1531 to be lowering input costs for the American farmers so that we can remain
1532 competitive around the globe.

1533 Mr. Wertish, you have got a situation where you have got farmers that
1534 have higher input cost, smaller margins. Talk to us a little bit about the
1535 impact on the -- on the monopolistic practices that exist in the processing
1536 side of this thing and then big business driving out family farms.

1537 Mr. Wertish. It is really -- it is really all across agriculture. Mr.
1538 Schiefelbein is a beef farmer. Raises a
1539 -- does a tremendous job here. But in the meat processing industry you
1540 have the four packers that control 85 percent of the slaughter capacity.

1541 The worst part about that is two of those are foreign owned, not even
1542 owned by United States companies, and that
1543 -- you know, the Packers and Stockyards Act was passed in 1921 because
1544 of Congress, those of you right in front of us, decided to break up the meat
1545 packers at that time and at that time there was five of them that controlled
1546 that 85 percent.

1547 Now we have four and, like I said, two of them are
1548 -- two of them are foreign owned. So we are in worse shape. That puts
1549 more dollars instead of going into our local communities they went
1550 overseas when they made their profits in the last few years. The inputs --

1551 we are in a corn -- we have a lot of corn here.

1552 We have just a few companies that provide all the fertilizer stuff too

1553 and some of it is coming from the Ukraine or Russia, but the same thing.

1554 You just have a few companies that dominate that industry. Tractor,

1555 machinery equipment, it is really all down the line. Chemical companies --

1556 that is -- that is the --

1557 Mr. Ferguson. So safe to say that we have policies in place that are

1558 making American farmers less competitive and more reliant on other

1559 countries than we should. And I want to make -- I want to go to one more

1560 point here.

1561 Senator Bakk, you have touched on a couple of things and in your

1562 testimony you said that the policies that the administration is pursuing --

1563 shutting off mining in Minnesota yet opening up agreements with other

1564 countries for rare earth minerals -- it does not make sense.

1565 Talk to me a little bit more about that because it seems to me that we

1566 are -- we are making ourselves less competitive with the policies that we

1567 have in place right now.

1568 Mr. Bakk. Well, thank you, Mr. Chairman, and Representative

1569 Ferguson.

1570 If I could digress for a second, Mr. Chairman. I Googled lakes so that

1571 we can kind of get the record straight, and if you believe Google Alaska has

1572 3 million of them. Wisconsin has 15,000, and if you look at DNR's number
1573 -- Department of Natural Resources of Minnesota -- they say we have
1574 14,380.

1575 If you look at how many are 10 acres or more it drops to 11,842, and
1576 then everybody agrees Michigan has 11,000.

1577 Ms. Moore of Wisconsin. That is right. That is right.

1578 Voice. It is really big.

1579 [Laughter.]

1580 Mrs. Fischbach. Thank you, Senator Bakk, for straightening that out.

1581 Mr. Bakk. Thank you, Mr. Chairman.

1582 The problem we are creating is it is one of more than being not
1583 competitive. It is one of being incredibly vulnerable. I mean, we only have
1584 one very small nickel mine in this whole country and it is in Michigan. It is
1585 the Eagle Mine in Michigan. Other than that, we produce none, and little of
1586 -- a little cobalt, a little lithium, these metals that are going to be in
1587 tremendous demand.

1588 The problem is we leave ourselves incredibly vulnerable and if I am
1589 sitting -- if I am China sitting right now and I think we are going to take
1590 Taiwan, guess what?

1591 They could put a strategy together and take it back, unite it, and there
1592 is not much we could do because all they would have to do is threaten to

1593 cut off our critical metals and it would bring us to our knees.

1594 So whether it is a good idea to take it or not, I just think we are giving
1595 these other foreign governments incredible leverage over us by not having
1596 our own critical metals that we need for our medical devices, for everything
1597 that sustains life.

1598 And, Mr. Chairman, if I could, I think part of the problem with -- in
1599 this country right now is a growing number of people have lost -- have lost
1600 their connection to the land and they do not know where things come from
1601 any longer.

1602 And, you know, the copper wire and the copper pipe does not come
1603 from Home Depot or Lowe's. It actually comes out of the ground, and I
1604 used to tell my Twin City colleagues
1605 -- many are good, good friends -- that when you get up in the morning and
1606 you put the milk on your kids' cereal you ask them where the milk came
1607 from, and if they say the grocery store you tell them it came from a cow.

1608 And I just think, you know, as we get another generation disconnected
1609 from the family farms kids do not understand where things come from and I
1610 think it is creating a real problem for us and a vulnerability for us, going
1611 forward.

1612 Mr. Ferguson. Well said. Mr. Chairman, I yield back.

1613 Chairman Smith. Mr. Smucker is recognized.

1614 Mr. Smucker. Thank you, Mr. Chairman. It is wonderful to be here to
1615 hear this squabble about who has the most lakes. I can tell you, you can
1616 drive in Pennsylvania for a long time without seeing any lakes at all. So we
1617 are not in that.

1618 But I will say this, then I want to address a question or two to Mr.
1619 Vold because what you describe in your background is very similar to what
1620 -- to the district that I represent, which is Lancaster County and York
1621 County in Pennsylvania.

1622 So we are one of the top dairy producers -- top 25, at least in the
1623 country. Have over 5,000, and the size of the farms can really range from
1624 small. Obviously, we are the home of the Amish, but I have a lot of small
1625 family farms but also some larger farms as well as we were talking about.

1626 But I was very pleased that I was here in Congress when the USMCA
1627 was negotiated and I was pleased that the negotiators, the administration,
1628 the legislature, had really made the access to the dairy markets in Canada
1629 one of the top priorities.

1630 In fact, it sort of held up the final negotiations of the USMCA until
1631 that issue was at least supposedly resolved. And then it -- so it is
1632 particularly disappointing to see what has developed because I do think the
1633 USMCA as a whole was very, very good. Created a lot of new markets for
1634 a lot of products and opened those markets up to our producers.

1635 But on the dairy side, I mean, it has got to be really frustrating to you
1636 when you see one of our big partners, Canada, of course, really continue to
1637 implement policies that sort of protect their dairy producers and you do not
1638 have access to the market.

1639 I am just curious how that makes you feel. I mean, you are -- here it is
1640 handled -- we handle -- our dairy system is different, I should say, than
1641 what you see in Canada and there is a lot of protection there and how does -
1642 - how does that make you feel?

1643 Mr. Vold. Thank you for the question, Congressman Smucker. That
1644 is a very good point, and I will say this for those of you who are not
1645 familiar with the Canadian dairy industry that they are under a quota system
1646 in Canada and it is a very protected group of individuals to be a part of that
1647 dairy industry.

1648 So it is frustrating for me when we put the trade agreements together
1649 like the USMCA, which you are correct, it was a good agreement. We
1650 fought to the end. Dairy was one of the spotlights of that agreement. As a
1651 dairy producer I really felt good about the outcome of that original
1652 agreement.

1653 But I think as we have gone forward we are continuing to see some
1654 struggles with the enforcement from the Canadian side.

1655 So when you are a U.S. dairy producer who is -- has a very different

1656 business model than the Canadian dairy industry where we are relying on
1657 trade, moving our product, producing our product at a very efficient level,
1658 you know, and we follow the guidelines to be part of the safest food
1659 produced in the world, yes, it is very frustrating for me as a producer
1660 because it does create a very unfair playing field because my income -- and
1661 we are talking about input costs -- right now I am producing my milk on my
1662 farm far below what my dollars coming in are. So it is a very painful time
1663 to be in the dairy industry right now.

1664 Mr. Smucker. And if that continues -- you talked a little about the
1665 impact on your operation and other farmers in your area. Like, what will be
1666 the long-term impact -- I wonder if you could expand on that just a little --
1667 if this does not change and if we do not have access to the Canadian
1668 market?

1669 Mr. Vold. Yeah. So the long-term impacts -- again, it is like I stated
1670 earlier with the situation in Wisconsin, in the U.S. our business model
1671 continues to be go big or go home sometimes, which I find frustrating.

1672 The reason we went to automated milking, or robots, in our facility
1673 was to create efficiencies without having to become a very large
1674 organization in order for us to compete in this environment. But if this
1675 continues businesses like mine who have been in business for multiple
1676 generations are going to cease to exist.

1677 Mr. Smucker. Yeah. I see I am out of time. I was
1678 -- my next question I would love to hear from you -- this is about trade, but
1679 I would love to hear some of your thoughts about tax policy, particularly
1680 tax policy in the tax bill that we passed in the early years of the previous
1681 administration.

1682 This committee, obviously, also works on that policy. So at some
1683 point maybe we can have a conversation. I would love to hear some
1684 provisions that you think are important as part of our current tax code. But
1685 I guess we will do that another time because I see I am out of time. Thank
1686 you.

1687 Chairman Smith. Mr. Panetta is recognized.

1688 Mr. Panetta. Thank you, Mr. Chairman. I appreciate this opportunity
1689 to come to the heartland, to hear from people who have a lot of important
1690 things to say.

1691 But I got to admit, being from the Central Coast of California, what
1692 my friend Dan Kildee knows where -- what I call the salad bowl of the
1693 world, I hear a lot about agriculture.

1694 It is our number-one industry there on the Central Coast of California
1695 and, you know, what we have, like I said, is, obviously, a lot of -- you
1696 know, we grow it, you name it. A lot of specialty crops is what it comes
1697 down to.

1698 Now, I admit with redistricting I lost some of the salad bowl but what
1699 I lost in lettuce I gained in wine and steak, which is not bad, in the sense
1700 that I have over 400 vintners in my district and I have the largest
1701 cattlemen's association in California, as Kevin Kester will so proudly tell
1702 you.

1703 So I am well aware of these issues and, you know, obviously, from my
1704 constituents, obviously, from my conventional and organic farmers who I
1705 talk to, I support, but also my colleagues, and that, you know, you turn on
1706 the TV you are going to see the differences.

1707 I get it. That is what is sexy. That division sells, okay. But you got to
1708 realize that there is a lot that you do not see, a lot of bipartisanship that you
1709 do not see where we actually come together and find our similarities and I
1710 can tell you, especially when it comes to agriculture, especially when it
1711 comes to the Farm Bill.

1712 Now, look, you are going to hear some fights over SNAP
1713 -- the Supplement Nutrition Assistance Program -- coming up. I get that.
1714 But the fact is a majority of that Farm Bill is going to be bipartisan.

1715 So please know that there are Republicans and Democrats back in
1716 Washington, D.C., and many sitting at this table that obviously support you
1717 and what you do and want you to continue to tell your message, continue to
1718 tell your message of what agriculture is about and that you basically

1719 demonstrate and represent that attitude that America needs, that pivoting
1720 attitude, that risk taking attitude that I believe is the backbone of this
1721 country.

1722 So please continue doing what you are doing knowing that there are
1723 members in Washington, D.C., that will continue to support you.

1724 Now, obviously, this is a hearing not about the Farm Bill but about
1725 trade and what we can do on Ways and Means to support you. One of the
1726 areas that I have heard quite a bit about on the Central Coast is these
1727 nontariff barriers especially when it comes to sanitary/phytosanitary issues
1728 based on nonscience basis. You see it in Japan with our vegetables, Mexico
1729 with our corn, and U.K. with our beef.

1730 And so, Mr. Schiefelbein, obviously, you being the host of this
1731 wonderful hearing I would like you to expand and elaborate if you have
1732 experienced and how so these nontariff barriers, especially when it comes
1733 to SPS issues.

1734 Mr. Schiefelbein. And you are absolutely dead on. When you get
1735 down to what really matters it is whether or not your beef can get in the
1736 Channel, right.

1737 And you can write all the rules you want and if they have an exclusion
1738 on something that is hard to trace or it does not have any data behind it, it is
1739 game over. And we have fought with the European Union forever on

1740 hormones and the levels of hormones that should be allowed to compete,
1741 and when you can have a dish of spinach and get 10 times more risk of
1742 hormones than you can a piece of beef but you cannot allow beef in that is
1743 exactly what you are talking about, and we need to be aware of them and
1744 we may need to make sure we get rid of all nontariff type barriers because
1745 they are huge impacts for our business.

1746 Mr. Panetta. Thank you.

1747 Ms. Olson, in regards to those types of barriers, if you can, part of
1748 your experience what have you seen and what can we do better to make
1749 sure that we get rid of those nontariff barriers especially when it comes to
1750 SPS issues?

1751 Ms. Olson. Well, as Mr. Schiefelbein mentioned, any kind of barrier
1752 is not something that is beneficial for any farmer or rancher in the United
1753 States and that would be the same in our case.

1754 We cannot continue to trade fairly and equitably if they have barriers
1755 up there that really you cannot find a reason for it other than politics. And,
1756 you know, we appreciate the bipartisan nature of the Farm Bill especially
1757 and of trade.

1758 So much of what is important in the heartland is nonpartisan and it
1759 needs to remain that way and we need to communicate that to our trading
1760 partners that we cannot make this political. We need to make this practical.

1761 Mr. Panetta. [Off mic] real quickly. Market access programs and
1762 foreign market development programs. I got a bill to expand those and
1763 increase those in the Farm Bill. Can you talk with me briefly about your
1764 time dealing with those programs and how beneficial they are?

1765 Mr. Vold. I assume you are serving -- you are referring to MAP and
1766 FMD.

1767 Mr. Panetta. MAP and FMD.

1768 Mr. Vold. Yes. Awesome programs. They are -- just in a short
1769 answer, they are underfunded. There is a big demand for those programs to
1770 be funded to move more product into foreign markets.

1771 Mr. Panetta. Great. Thanks to all of you. Thank you, Mr.
1772 Schiefelbein. Mr. Chairman, I yield back.

1773 Chairman Smith. Thank you.

1774 Mr. Murphy is recognized.

1775 Mr. Murphy. Thank you, Mr. Chairman. And I know everybody has
1776 had a long day. Thank you very, very much.

1777 I was sitting here thinking a little while ago that humans or any
1778 mammals walking in front of a crowd here in a place like this I am very
1779 glad that you all at this point have not auctioned any of us off. I might
1780 make some suggestions but we will go ahead with that.

1781 But, first of all, I will start in a very bipartisan manner. I would like to

1782 agree with Ms. Sanchez completely. Our immigration system is broken.

1783 I am very proud to represent eastern North Carolina. I have got the
1784 coast. Anybody ever been to the Outer Banks? I have got that over there.
1785 Large number of farms. In fact, we have the second most hogs than any
1786 district in the country.

1787 And our visa program is broken. We have folks flooding over our
1788 borders illegally now. Just think of what we could have legally, the folks
1789 that will come in and actually pay taxes, get the farmers' work done, and
1790 then go back home. Just imagine what we could do.

1791 With that, Ms. Olson, I would like just to ask you, you know, Prop.
1792 12, that great California law written by people who had no damn idea what
1793 a hog farm or a hog pen look like, I wonder if you could expound upon that,
1794 what that looks like for you, what it is going to cost for you. What is it?
1795 You know, what is it going to do to your facilities right now?

1796 Ms. Olson. Well, as a contract finisher it is up to the family that we
1797 contract finish for to make those provisions. They already have one sow
1798 farm that meets Prop. 12 standards and they did that to hopefully catch a
1799 foreign market.

1800 But now it also fits in the California market. But that is just one part
1801 of their facility. So the rest of the
1802 -- rest of the pork, the rest of the barn space, and for finishers like us it will

1803 affect pig flow and it will affect how many pigs we can have in a barn at a
1804 time.

1805 So the fewer pigs in a barn the less the rent check is for us and the less
1806 manure that we will have for our fertility needs. So it is kind of a ripple
1807 effect, and our pens are already at a scientific spacing.

1808 So we are not overcrowded. The pigs have plenty of room, according
1809 to science, and that is how the barns were designed.

1810 Mr. Murphy. Right. So I have been through a bunch of hog farms in
1811 eastern North Carolina. Those hogs are huge. The problem is you give
1812 them too much room guess what happens to the litter?

1813 They sit on it and squash the little baby, or if they let them in a pen
1814 what do they do? They chew each other's tails, they chew each other's ears,
1815 and they attack each other. So there is a reason for keeping them closed in.

1816 I was very disappointed in the Supreme Court ruling. I think it is
1817 interstate commerce being regulated by a state. But it is going to absolutely
1818 affect the way my district has to run its hog production business.

1819 Quickly, because I am actually trying to stay on time here, Mr. Bakk,
1820 just to go back to this mineral issue, we go back to it over and over and
1821 over again.

1822 We see that we are okay in this country in the almighty pursuit of
1823 everything climate change to ignore the abuses going on in other countries -

1824 - the slave labor, the ravishing of lands -- and not do it in this country.

1825 And when I spoke with Secretary Kerry about this at COP last
1826 summer, being very, very respectful, we talked about those things. I
1827 brought up specifically how we are not going to be able to meet our own
1828 demand -- our own national security because of what overregulation and the
1829 environmentalists are going to do in this country.

1830 We are okay to rape and pillage the rest of the world and use slave
1831 labor over there but not in our country. I was wondering if you could speak
1832 to that.

1833 Mr. Bakk. Well, thank you. Back --

1834 Mr. Murphy. And I got you -- I got you on one minute.

1835 Mr. Bakk. Back to the vulnerability issue, the American military is
1836 heavily dependent on nickel.

1837 Mr. Murphy. Absolutely.

1838 Mr. Bakk. And like I said earlier, we produce almost none. So for us
1839 to stay strong on the world stage we have to have a supply of these critical
1840 metals and the fact that we are okay with exploiting other countries around
1841 the world -- and remember now, in those other countries -- use the Republic
1842 of Congo, for example -- remember those cobalt supplies there where those
1843 people are being abused badly are now owned by China. China is buying
1844 up mineral deposits all over the world.

1845 So we are going to be in an incredibly vulnerable situation if we do
1846 not figure out how to develop these things ourselves.

1847 Mr. Murphy. -- that is going on between us and China right now we
1848 are placing ourselves at absolute inferior risk to them by these policies.

1849 Thank you, Mr. Chairman. I will yield back.

1850 Chairman Smith. Mr. Kustoff is recognized.

1851 Mr. Kustoff. Thank you, Mr. Chairman. Thank you for coordinating
1852 today's hearing. Thank you to the witnesses for appearing today and Mr.
1853 Schiefelbein for hosting us.

1854 Really is a -- I think this is special, in a way, to have the Ways and
1855 Means Committee travel here to Minnesota rather than having -- you have
1856 to come to Washington, D.C.

1857 First of all, it is a benefit to you all. It is also a benefit to us because
1858 we are here. We can see. We can hear. We can talk. And so we
1859 appreciate all of you very much.

1860 Mr. Schiefelbein, if I can with you, and I want to follow up with Dr.
1861 Murphy's question about Prop 12 because you talked about that in your -- in
1862 your opening statement and your testimony.

1863 We are speaking here to a national audience. This is being broadcast
1864 across the nation. Can you first in your own words explain Prop. 12 to
1865 those people across the nation and then from a real world perspective how

1866 that could affect you?

1867 Mr. Schiefelbein. Yeah, and for me specifically in hogs it is not going
1868 to affect but it is the cascading effect that matters. And what it is it is the
1869 government getting involved in areas they simply have no knowledge on.
1870 So what happens is activists whose goal -- and this is the key thing that
1871 most people do not realize -- the activists' goal is to put us out of business.

1872 Okay. Plain and simple it is to put us out of business. So they put
1873 wrap around words with animal husbandry, et cetera, and they try to pass
1874 laws and sometimes they pass propositions that, in essence, put you down a
1875 track of going out of business.

1876 When we cannot fundamentally raise hogs and pork the way we can
1877 efficiently do it it costs us money and we lose the profits on it. So from my
1878 perspective it is a dangerous, dangerous precedent.

1879 And if you would go a little deeper into it you will find the industry
1880 was well on its way with a path to get to exactly where they were only
1881 maybe done through a more methodical place that does not put a burden on
1882 anybody.

1883 Mr. Kustoff. Thank you very much. I appreciate that.

1884 Mr. Vold, you talked a lot about -- you have been asked a lot about
1885 USMCA and Canada and the way Canada has been treating dairy farmers.
1886 Can you give maybe some -- it is always good for me to hear real world

1887 practical stories. Can you talk about the real world effects that that has had
1888 and Canada's compliance or noncompliance with dairy farmers that you
1889 know?

1890 Mr. Vold. Thank you, Congressman.

1891 Yes, and I am going to refer back to the class seven situation back in
1892 2017 because that is probably the most real world situation that I have
1893 personally seen people's faces on or talked to that were directly involved or
1894 affected by that.

1895 When you take an industry like my industry or my business and you
1896 get that phone call that says your output for your product is done I cannot --
1897 I cannot store anything.

1898 I still have to be responsible to the animal welfare of the animals that
1899 are on my farm. I have to make sure that they are well fed. I have to do
1900 everything in my power to make sure that I do not have a Prop. 12 show up
1901 in my backyard.

1902 So when you see families like this that cannot find a home for their
1903 milk their income stream is done, and like we talked earlier and the
1904 situation we are in right now, especially in the Midwest with over -- with a
1905 surplus of product and also running into -- we talked a little bit about labor.

1906 When you have processing plants that are not able to run all their
1907 shifts because they do not have the personnel there to operate it and when

1908 you have truckers that are not available to move your product a great
1909 distance to get it to another market you are in a world of hurt.

1910 And these families -- like I said before, when you have been a multi-
1911 generational family like mine and your business is potentially done because
1912 of something else that a foreign government did to you.

1913 And I will stress this. Being part of the co-op system, being a part of
1914 the co-op system and not part of a private processor I know that my milk
1915 will always find a home because that is the commitment that my co-op has
1916 made to me and my family.

1917 So thank you.

1918 Mr. Kustoff. Thank you, Mr. Vold. Thank you again to our five
1919 witnesses and I yield back.

1920 Chairman Smith. Ms. Tenney is recognized.

1921 Ms. Tenney. Thank you, Mr. Chairman, and thank you to Mrs.
1922 Fischbach and our Minnesota hosts and unto all of you and especially thank
1923 you so much to John Schiefelbein and your mom sitting right here by me.

1924 It is very exciting to be here. I know -- thank you for taking pictures
1925 of me and Representative Moore up on a big tractor. She has a connection
1926 there. It was fun.

1927 I am going to make you feel a little better, Ms. Moore, because I want
1928 to tell you when everyone is talking about all the lakes Michigan has the

1929 most lakes. I think it is like 36,000 or something.

1930 But with waters of the U.S. New York may have the most lakes
1931 because we are probably the most left-wing state here. So we are happy
1932 that that is not going to be coming and rearing its ugly head too much
1933 longer.

1934 I will say one of the most -- more important things in Wisconsin and
1935 being a former competitive curler Wisconsin has the most curling clubs in
1936 the nation and I think Minnesota is second. So there you go. So Minnesota
1937 does have something distinctive.

1938 But I do -- I really appreciate all of you for being farmers. Obviously,
1939 I have talked to Mr. Schiefelbein earlier. My cousin is a beef cattle farmer.

1940 My brother's wife's family have Angus. So we really appreciate -- we
1941 know how hard the work is. They were dairy farmers. They got involved
1942 in crops. We know how hard it is.

1943 But I also come from the new district created in New York. New
1944 York 24 is the largest agricultural district in the Northeast, largest dairy
1945 district. Third largest apple producing county in the United States is Wayne
1946 County right in my district right on the beautiful shores of Lake Ontario,
1947 and we have a lot of similarities as we were driving out here.

1948 Minnesota looks a lot like New York. We have great soil, great water,
1949 a short growing season, lots of cold weather, lots of snow. Actually, we

1950 probably have more snow than you do.

1951 But I want to focus in a little and I know, Mr. Vold, you have been
1952 asked a lot of questions. But dairy is a huge issue for us, obviously, and I
1953 feel your pain.

1954 When that class seven dairy was taken out of the USMCA it was
1955 really devastating for New York. And we have a huge border with Canada.
1956 My district actually is all of
1957 -- almost all of the shore of Lake Ontario, which is
1958 -- which is bordered with Canada.

1959 And I was just going to ask you on this issue is now we are in
1960 litigation with Canada. Obviously, the U.S. Trade Representative got a big
1961 win last year.

1962 Do you support potentially having retaliatory tariffs against Canada to
1963 enforce this law so that we can get a better trade balance on the dairy
1964 products, especially what we lost with class seven?

1965 Mr. Vold. Thank you for the question, Congresswoman. I am going
1966 to just say for the record that since I am not a trade negotiator I will not be
1967 able to give you an educated answer to that question.

1968 But in terms of what I have stated earlier in this hearing, I still -- I still
1969 am -- stand by my comments of being somebody -- a country that enforces
1970 their trade policies. Otherwise, we are going to be directly hurt.

1971 So and I just also want to say that -- same with the congressman from
1972 Pennsylvania -- I actually have a lot of friends part of the Land of Lakes
1973 system in your parts of the world so I get to hear their perspective on how
1974 their regions are affected by over surplus, lack of markets, and so forth.
1975 But I would support some type of retaliatory effort to stabilize our markets.

1976 Ms. Tenney. Okay. So I got one more question now that you are
1977 robotic with your dairy. I know one of our big issues -- and a couple of my
1978 colleagues mentioned it -- is the labor issue.

1979 You said you only had one full time, two part time, and your family.
1980 What is your -- what is your angle on that? And maybe we could ask also
1981 the other farm.

1982 What is your angle on -- how do we create more opportunities so that
1983 we get more people working on farms? And I am not sure what minimum
1984 wage and some of the things here are in this area -- in this area. But if you
1985 could just maybe quickly comment on that. I have less than a minute left.

1986 Mr. Vold. That is a great question and the reason we went to robotics
1987 in our family's operation was strictly because of labor. It was not that -- I
1988 think people need to also understand that farms, dairy farms, other Ag
1989 producers that utilize immigrant labor do not under pay their employees.

1990 Our employees all work 40 hours a week and they get 15 hours of
1991 straight overtime plus housing and they were very, very competitive in our

1992 local market. So --

1993 Ms. Tenney. Maybe could I -- I could just ask Ms. Olson, too. I
1994 mean, since you are on the -- on the dairy side of it or even labor alone
1995 what is -- what is the solution that Minnesotans are looking at in terms of
1996 dealing with this labor issue?

1997 Ms. Olson. Well, on our farm personally being an organic farm we
1998 need people to hoe weeds. We used to hire high school workers to do that
1999 and they no longer would do that. So we work with families in the state of
2000 Texas. They come up for the summer. They hoe weeds for us.

2001 I think we employ 18 right now and I believe their rate right now is
2002 \$18 an hour for the ones that have returned and we have a sliding scale for
2003 years of experience.

2004 Ms. Tenney. Can I ask one quick question? Do you do have
2005 unionized labor in Minnesota for farm workers?

2006 Ms. Olson. Not that we are aware of. I know it has been talked about
2007 but as an independent not for us.

2008 Ms. Tenney. Thank you so much, everyone. My time has expired.

2009 Chairman Smith. Thank you. I know there has been a lot of
2010 conversation about lakes and, you know, being from Missouri I have to talk
2011 about the Lake of the Ozarks, which is the only lake that has its own Netflix
2012 series. So we are pretty excited about that.

2013 From another lake area, Mr. Moore?

2014 Mr. Moore of Utah. Continuing on with the theme, I represent Salt
2015 Lake City and the Great Salt Lake, which is the largest saline lake in the
2016 United States. So you all can have your freshwater recreation and all that
2017 fun. We have brine shrimp and magnesium so take that.

2018 Look, the benefits of sitting on the back bench today and being a little
2019 lower on the dais is that most of our very well thought out questions have
2020 been answered. I do not want to drill down -- I was going to spend actually
2021 a little bit of time on dairy. We have covered a lot of these topics.

2022 And so to pivot just a little bit, I am thinking about my conversations I
2023 always have with the Farm Bureau of Utah, my ag producers in northern
2024 Utah particularly and it always comes back down to the visa program,
2025 labor, and a lot of their frustrations that exists there and things that they
2026 would love to see improved.

2027 I wanted to just give the panel an opportunity to just start from -- let us
2028 just go left to right and if you could, you know, as we approach these trade
2029 deals and we try to produce outputs and make more opportunities for you
2030 all to the extent we are not doing it well is clear today.

2031 But we want to make sure that you have the labor that you need, and
2032 as we look at improving the visa system for Ag workers what are some of
2033 the most important considerations for us to keep in mind? And I will just

2034 leave it open ended and would love to start down here with Mr.

2035 Schiefelbein and we will just keep going down the list.

2036 Mr. Schiefelbein. Well, first of all, at this farm we do not have a lot of

2037 labor shortage because we are those good Catholics, right. So dad

2038 produced his own labor and, actually, that is kind of what his goal was. He

2039 said -- he saw that there would be a shortage in labor and he said, boy, if

2040 you do not raise your own who is going to do this business.

2041 So from our perspective a lot of our family farms are family oriented

2042 and it is the children that are coming in and doing lots of the work, et

2043 cetera. I wished you guys had a chance to tour through the farm this very

2044 day because they were doing square bales, et cetera, and see the packs of

2045 young kids from our farm lifting the bales and putting in the hay, et cetera.

2046 So I still think home-raised labor is still the best labor.

2047 Now, on the other point of view I do think it is important that we have

2048 a legal effective way to get labor in here and that is where we get into so

2049 much trouble. People argue about the -- make it legal, make it effective,

2050 allow people to come in here and, to me that is the answer.

2051 Mr. Moore of Utah. Ag or other types of workforce, please?

2052 Mr. Bakk. I do not know if we have as much a shortage of labor as we

2053 do a skills gap with people. There are a lot of people -- there are a lot of

2054 jobs but not with the people with the skill set to perform them.

2055 I think states could use more help from the federal government on
2056 vocational training. Not everybody needs a college education. But we
2057 seem to for a generation now have been pushing everybody in that
2058 direction.

2059 So now in places like the building trades, and agriculture I am sure,
2060 we just do not have the bodies that have the skill set that is needed. And
2061 then -- and, finally, Mr. Chairman, so Minnesota restores its rightful place
2062 with the lakes. We have more shoreline in Minnesota than Florida,
2063 California, and Hawaii combined.

2064 Mr. Moore of Utah. Ms. Olson?

2065 Ms. Olson. Thank you, Congressman. For us, I mentioned that we
2066 use hired labor from Texas. But in Farm Bureau we do fight for a renewed
2067 H-2A program. It has good intentions but there has been some issues with
2068 it.

2069 Dairies need year round labor. Currently, they cannot use the H-2A
2070 program. They have to use other programs. So making workers eligible to
2071 work year round with the H-2A program would be really beneficial.

2072 But there is also -- we had some issues with some of the wage aspects
2073 of it. Right now with the wage rates a lot of farmers are priced out. They
2074 cannot afford to pay the rate that they are required to pay along with
2075 providing housing and providing transportation and the other things that are

2076 necessary.

2077 So fairness in wages and making that regional I think would be
2078 helpful.

2079 Mr. Moore of Utah. That is the most common, actually, I hear from
2080 my Utah folks as well.

2081 Sir?

2082 Mr. Vold. Yes. I am just going to build a little bit off what Carolyn
2083 said. And you talk about the dairy industry, yes, the H-2A program is a
2084 little bit of a challenge. They are making changes to that to adapt to the
2085 dairy industry.

2086 I just want to say I was supportive of the Farm Modernization
2087 Employment Act that passed the House last year because the reality is that
2088 we do know that it is no secret in the ag industry there are a lot of illegal
2089 immigrants in our countryside doing most of the work on our farms and in
2090 our retail and our hospitality areas.

2091 We just need an avenue for those people to come out, identify
2092 themselves, and become part of our system because I think they are a huge
2093 economic driver of our economy.

2094 Mr. Moore of Utah. Mr. Wertish, anything to quickly add as we are
2095 out of time?

2096 Mr. Wertish. I just want to say I think one thing that would be

2097 important to the stability of the farm income so the labor that we do have
2098 stay on a farm and have a chance to make a living and, obviously, reforms
2099 to our immigration system and H-2A would all be needed, too.

2100 Mr. Moore of Utah. Thank you. Thank you, Chairman.

2101 Chairman Smith. Mrs. Steel is recognized.

2102 Mrs. Steel. Thank you, Mr. Chairman, and thank you, Mr.

2103 Schiefelbein, for hosting and thank you all the witnesses for today.

2104 I think we have seen why the United States and our trusted democratic
2105 allies must reduce dependence on the CCP. Americans need to stay at the
2106 cutting edge of innovation. We do things safer and cleaner than any other
2107 nation.

2108 We have learned today that Minnesota stands ready to help supply
2109 copper, nickel, and other precious metals. Yet, the same people who want
2110 everyone to be driving new electric vehicles by 2030 refuse to allow for
2111 safe and clean mining within the United States.

2112 The administration is putting U.S. and California farmers on the
2113 sideline in the Indo-Pacific region. We should build on USMCA's progress
2114 by finding an additional trading partner that will only grow California jobs
2115 and boost our economy.

2116 Senator Bakk, California's Mountain Pass Mine you know that is the
2117 only large-scale rare earth mine. Almost 15 percent -- they are producing

2118 15 percent of supplies of the world production in the United States.

2119 What is alarming is that the minerals are shipped to China. We have
2120 spoke a lot of mining today. Can you share more about how United States
2121 leading in mining and processing critical minerals would be a huge
2122 economic boost for many cities across the country and how it would be
2123 safer and cleaner compared to other mines in the world?

2124 Mr. Bakk. Well, to the labor side of it I can tell you in northern
2125 Minnesota the highest paying jobs in our entire region are people that work
2126 in the mines.

2127 Those jobs all support families and -- but one of the challenges then is
2128 we have got one of those mines right now that is looking at in the
2129 environmental review process and they already have -- they are not even
2130 through the environmental review yet much less mining.

2131 They have already made a decision to only mine in Minnesota where
2132 the mineral is and they are going to haul all their product for refining
2133 outside of Minnesota because they do not want to have to deal with the
2134 environmental end of getting something permitted.

2135 If we are going to have investment in this country in mining and
2136 refining the metals we are going to have to be able to streamline this whole
2137 environmental review process and create some kind of dashboards because
2138 right now companies do not even know what the timeline is.

2139 Is it going to take five years? Ten years? Twenty years? Twenty-five
2140 years?

2141 So they make decisions to potentially mine here but then move the
2142 product offshore to do the refining because it is just too difficult to get
2143 through the environmental review and permit the entire process here.

2144 So we need help from Washington, D.C., on the regulatory side. I
2145 hear some talk about transmission lines and that is critically important to
2146 move the power around the country. But the metal side of it needs some
2147 regulatory reform on permitting and regulation.

2148 Mrs. Steel. Thank you, Senator.

2149 And, Mr. Vold, like Minnesota, California growers send their products
2150 all over the world. The United States are currently on the sidelines as many
2151 new trade deals are executed in the Indo-Pacific region, an area with huge
2152 populations.

2153 As the administration tried to sell frameworks over actually two trade
2154 agreements can you share more about how access to new foreign markets
2155 could be a huge boost for United States agriculture in places like Minnesota
2156 and California?

2157 Mr. Vold. Thank you, Congresswoman Steel. Actually, I have a lot
2158 of dairy friends in California too around the Tulare area and they just
2159 discovered their new lake.

2160 You know, as far as developing foreign trade agreements with other
2161 countries, A, we got to get to the table and I think that is one of the points I
2162 want to take home today is the fact that we have not been at the table for a
2163 long time.

2164 I remember being in Washington a few years ago when we were
2165 talking about TPP and TPT and those different trade agreements and I
2166 realize there is a lot of mechanics that go into an agreement with other
2167 foreign entities besides agriculture and those agreements did not go
2168 forward.

2169 So, again, we just got to get ourselves to the table. We have to
2170 become a key player. We have to continue to utilize the programs like we
2171 were talking about earlier, the MAP and the FMD, at least to allow our
2172 exporters from the U.S. with our products to get their foot in the door of
2173 other foreign markets.

2174 Mrs. Steel. Thank you so much. I yield back, Mr. Chairman.

2175 Chairman Smith. Thank you.

2176 Mr. Feenstra is recognized.

2177 Mr. Feenstra. Thank you, Mr. Chair, and I am the last person so they
2178 usually leave the best for last, thank goodness.

2179 I just -- I just want to tell you where I am from. I am from northwest
2180 Iowa. I am three hours away just straight south of you. Just got a text from

2181 my wife, Snapchat, that we have a significant hail storm moving through.

2182 You know, it just tells me that there is things that we cannot control
2183 like hail but there is things that we can control like trade and that is stuff
2184 that we need to take very seriously.

2185 And with that being said, I want to just say I am so appreciative of
2186 Congresswoman Michelle Fischbach and what she does on the Ways and
2187 Means Committee.

2188 Michelle and I talk an awful lot about what we can do for agriculture,
2189 what we can do for trade. She is an amazing person when it comes to
2190 advocating on your behalf.

2191 I also want to give a shout out to Brad Finstad, who is also in
2192 Minnesota, who sits on the Agricultural Committee with me where we deal
2193 with these topics every day.

2194 We got the Farm Bill coming up and we are talking about what we can
2195 do in the Farm Bill that also can work with Ways and Means.

2196 So with that, in this year's Farm Bill the expanding the Market Access
2197 Program and the Foreign Market Development programs, to me, are
2198 essential. All right. The administration is letting us down. They are not
2199 doing anything.

2200 So on the Farm Bill what can we do with ways on trade to make a
2201 difference? And I would like to ask Ms. Olson if you think about farm

2202 access programs or Foreign Market Development programs, shortly, how
2203 can that help you and your -- you know, when it comes to corn, soybeans
2204 and these things? How can that help you and promote your product?

2205 Ms. Olson. Well, in my testimony I mentioned alcoholic spirits is one
2206 thing that we export. That is a unique market and that is an important part
2207 of trade agreements.

2208 The market facilitations access is so important and it does not -- it is
2209 not just your main commodities. It has to be the full picture of American
2210 agriculture and that is where the importance lies.

2211 Mr. Feenstra. Yeah. Thank you, Ms. Olson.

2212 Mr. Schiefelbein, I want to say this is the cleanest sale barn I have
2213 ever seen, honest. I have been in a lot. By the way, we just had ours close
2214 in Sioux Center, Iowa, which is tough.

2215 And I just want to give you a shout out, too. You had a recent tenure
2216 on the NCVA board as president and you had extensive trips. I know you
2217 went to U.K. and Pacific Rim and things like that.

2218 Low-hanging fruit -- low-hanging fruit -- what are a couple of
2219 countries that you think we could go after right away to create free trade
2220 deals with when it comes to cattle?

2221 Mr. Schiefelbein. U.K.

2222 Mr. Feenstra. U.K. Yeah. Yeah. Bottom line.

2223 Mr. Schiefelbein. They want it desperately and that

2224 -- it just befuddles me why we are not at that table negotiating.

2225 Mr. Feenstra. I agree. And you know what they are doing? They are

2226 doing unilateral trade agreements like with Kansas, right. They are

2227 bypassing us as Americans. It is just crazy.

2228 Ms. Olson, I have got to -- I am firing away here. Quick question.

2229 When it comes to -- when you think about pork you have -- 63 percent of

2230 our pork goes to China right now. Shocking. And, obviously, the rest of it

2231 goes to Mexico and a few other countries.

2232 But when I get worried I get worried about -- and we talked about this

2233 with African swine fever, that we in the Midwest, this little pocket -- Iowa,

2234 Minnesota -- that if African swine fever happens in North Carolina that we

2235 could be pulled into this, and I am a big proponent of regionalization in our

2236 trade agreements.

2237 Can you talk about that a little bit, what your thoughts are on

2238 regionalization, meaning that we do not get hit with African swine fever

2239 and yet we could get pulled into not being able to trade with anybody

2240 because of it.

2241 Ms. Olson. I totally agree with that. Regionalization is super

2242 important, especially when it comes to animal diseases. We saw the same

2243 thing with avian influenza.

2244 A regionalized response to that saved other turkey producers and
2245 allowed them to have a market. Same thing we would like to see apply in
2246 the pork industry.

2247 Mr. Feenstra. Absolutely. Thank you.

2248 Mr. Vold, I cannot be remiss to talk about dairy and I just want to say
2249 I am crushed right now to see milk a hundred weight at under \$14, right. It
2250 is destroying our dairy industry. It is destroying a lot of my dairy members
2251 and I am fearful of that.

2252 And so with that said, obviously, you talked about the
2253 -- Canada falling short. You also talk about the disadvantage we have with
2254 Europe and New Zealand and Australia.

2255 Can you explain that just a little more for the people that are listening?
2256 Why is it so catastrophic right now? And I look at developing countries
2257 and say what can we do when it comes to cold storage. You know, we can
2258 send product over there but they need cold storage to make it all work. Can
2259 you explain a little bit a couple of these things?

2260 Mr. Vold. Well, I am going to do my best. But, again, I am not an
2261 expert in each -- any of those areas.

2262 But from a producer perspective, you know, when we start looking at
2263 moving product in overseas markets and so forth, I am going to kind of go
2264 back to the two programs we were talking about earlier with the MAP and

2265 FMD.

2266 It really allows us to get our foot in the door, especially from the Dairy
2267 Export Council side, to start training these people on how to use our
2268 products, kind of starting to create that demand for our products.

2269 And if we do that in some of the countries I referred to earlier like
2270 Taiwan, Vietnam, Southeast Asia, Middle East, and so forth, those are our
2271 starting points to start opening up those trade agreements.

2272 Mr. Feenstra. Exactly. Thank you so much. And, again, I want to
2273 think through, you know, as for dairy, specifically. If we can create more
2274 cold storage in developing countries I think we can do a lot more exporting.

2275 With that, I yield back. Thank you so much, each one of you, for
2276 being here. Thank you our witnesses. Thank you very much.

2277 Chairman Smith. Thank you.

2278 I want to thank everyone for being here today. I want to thank the
2279 folks in the -- in the audience. I would just love to know how many farmers
2280 do we have in the audience. Just raise your hand.

2281 [Applause.]

2282 Chairman Smith. Thank you.

2283 So I hope that you took the opportunity to fill out the clipboard for
2284 anything in the public testimony that you would like for the record. I would
2285 like to thank every one of the witnesses for your conversations, for your

2286 testimony, for your answers to the questions back and forth to our
2287 members.

2288 I want to thank every one of our members for being here. It is a
2289 priority for this committee to hear from folks outside of Washington, D.C.,
2290 and this is an avenue for us to do this.

2291 And so our priorities are working class families, small businesses, and
2292 farmers and we need to make sure that the policy we develop affects their
2293 lives in a positive way.

2294 We are here because of Mrs. Michelle Fischbach, who would not stop
2295 encouraging us to come and so --

2296 Mrs. Fischbach. Encouraged.

2297 [Applause.]

2298 Chairman Smith. Yeah. And we are very grateful. We invited
2299 everyone in the Minnesota delegation with the opportunity to join and very
2300 glad with Stauber and Finstad for being here today.

2301 And please be advised that members have two weeks to submit written
2302 questions to be answered later in writing. Those questions and your
2303 answers will be made part of the formal hearing record.

2304 And with that, the committee stands adjourned.

2305 [Whereupon, at 5:14 p.m., the committee was adjourned.]

LOCAL SUBMISSIONS FOR THE RECORD

Date	July 10, 2023
Name (Print)	
Company	

WRITTEN SUBMISSION TO BE INCLUDED IN OFFICIAL HEARING RECORD

Committee on Ways and Means

Field Hearing on Trade in America: Agriculture and Critical Supply Chains – Kimball, Minnesota

We want to hear your story. Below please provide any personal experiences or general comments about the state of the American economy that you wish to be included in the official hearing record.

Prop 12 effects on pork trade / support of EATS Act.

MEMBER QUESTIONS FOR THE RECORD

MICHELLE FISCHBACH
7TH DISTRICT, MINNESOTA

COMMITTEE ON WAYS AND MEANS

COMMITTEE ON RULES

COMMITTEE ON BUDGET

COMMITTEE ON ETHICS

Congress of the United States

House of Representatives

Washington, DC 20515-2307

July 24, 2023

1004 LONGWORTH HOUSE OFFICE BUILDING
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(202) 225-2165

2211 1ST STREET SOUTH, SUITE 190
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2513 8TH STREET SOUTH
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Carolyn Olson
Vice President
Minnesota Farm Bureau Federation
3080 Eagandale Place
Eagan, MN 55121

Carolyn,

As the state's largest and oldest farm organization, Minnesota Farm Bureau represents producers of all sizes and types. As the largest sugarbeet-producing state in the country, your organization certainly understands the impact of domestic sugar production on the state's economy. Can you discuss the importance of federal policies supporting domestic sugar production and the consequence of allowing the importation of foreign-produced sugar?

Sincerely,



Michelle Fischbach
Member of Congress



8/8/23

Congresswoman Fischbach,

Thank you for your question regarding the effects of trade policy on U.S. sugar production.

Not only is Minnesota the nation's leader in sugar beet production, but CD7, where we both live, has the highest concentration of sugar beet growers in the state. The economic impact these growers have in their neighborhoods is vital for creating strong rural communities. This is why our policy supports federal programs that ensure a strong domestic sugar industry and encourages using domestic supply first.

The importance of fair trade to the sugar industry also highlights why sound sugar policy is vital to sugar beet farmers in Minnesota. Current U.S. sugar policy is a no-cost program that ensures stable sugar prices for consumers while simultaneously protecting the U.S. sugar industry from foreign predatory trade practices.

We need to protect our sugar producers from foreign suppliers who protect their own production through subsidies and dump cheaper sugar into the U.S. market. Without a healthy sugar policy that places appropriate controls based on economic principles, our sugar farmers in Minnesota and across the country could be put at an unfair disadvantage.

Due to this policy's importance to Minnesota agriculture, the MFBF supports the re-authorization of the sugar program in the upcoming 2023 Farm Bill.

A handwritten signature in black ink that reads 'Carolyn Olson'.

Carolyn Olson,
Vice President, MFBF

PUBLIC SUBMISSIONS FOR THE RECORD



7/1/2023

The United States House Committee
Ways and Means
1139 Longworth HOB
Washington D.C. 20515
Phone: 202-225-3625
Fax: 202-225-2610
Attn: Chair Jason Smith

Re: Trade in America: Agriculture and critical supply chains – Kimball, MN

Dear Honorable Chair Representative Jason Smith,

My name is Eric Jorgenson. I am the President of the Northarvest Bean Growers Association. The organization represents 2400 dry bean farmers in Minnesota and North Dakota. I want to thank you for hosting the "Trade in America: Agriculture and critical supply chains" hearing in our representative region of Minnesota.

Trade is a critical priority in our dry bean food network. Whether we are working on international trade efforts, or domestic trade avenues at home we are trying to feed the general public. Since the pandemic, the agriculture community has encountered countless hurdles whether that be retaliatory trade tariffs, transportation logistics failures, weather related complications, employment shortages, and port closures/stoppages. Whether it is trade policy or physical infrastructure, the need is critical for all of us working in the agriculture & trade arena to get our products to market.

I sincerely want to thank the United States House Committee on Ways & Means for having this discussion and keeping our concerns and struggles top of mind. Thank you for researching tools to keep our nation running strong in the movement of products across our nation and world. Your guidance is crucial to the needs of the U.S. farmer.

I did want to mention a few support programs we rely on to keep the dry bean industry strong. The USDA-FAS offers funding through the Market Access Program (MAP) and the Foreign Market Development Program (FMD). It is critical we maintain strong funding for these programs. In a farm bill year, we would advocate increasing the strength of these programs when developing world markets for our farmers. We have worked hard in coordination with USDA-FAS, North Dakota and Minnesota Trade offices, and the Great Lakes-St. Lawrence Governors & Premiers to expand trade and remove barriers to trade. These are all federally funded groups that remain core to the dry bean industry. We are longtime partners with the U.S. Dry Bean Council who concentrates on developing world markets. The funding

mechanisms mentioned are key to their existence providing education, research, and promotion efforts to all markets. The USTR has been strong in helping us remove barriers. We encourage these folks to be given all the necessary resources to allow them to do their negotiations with world governments to the best of their ability.

In shifting my thoughts to the domestic market which accounts for a strong 80% of our dry bean sales. We compliment the administration for the strong support given to the local farm to school programs. Minnesota and North Dakota are growing funding for this program and with USDA's support to build regional resource centers, we feel confident that our 64 bean dealers/processors across North Dakota and Minnesota can assist to getting more nutrient dense dry beans into the local school systems and local community feeding programs. We are very excited about this development and hope we can help in feeding local products to local communities.

While exciting projects like this are being developed, we need to concentrate on making sure we have a strong resilient infrastructure to move our products. This may be one of our biggest hurdles in moving food products today. There have been a lot of really good developments over the past couple years so there is a lot of great work being done but we need to keep keying in on expansion. The United States is a breadbasket for the world with our farmers production. Thank you to the House Ways and Means Committee for allowing me to testify on behalf of our 2400 farm families.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eric Jorgenson".

Eric Jorgenson
President
Northarvest Bean Growers Association
6509 55th Avenue NE
Leeds, ND 58346
Phone: 701-365-5103
Email: info@northarvestbean.org



Minnesota Farm Bureau®

7/21/23

To the House Ways and Means Committee

Field Hearing on Trade in America: Agriculture and Critical Supply Chains

Presented by:

Minnesota Farm Bureau Federation

3080 Eagandale Pl

Eagan, MN 55121

The Minnesota Farm Bureau Federation (MFBF) represents nearly 30,000 farm and ranch families across the state, who grow a variety of crops and livestock. Farmers in Minnesota are deeply aware of the importance of trade to our industry and are supportive of opportunities to create more international markets for U.S. farm products.

Importance of Trade to Agriculture

Minnesota is the Nation's fourth largest exporter of agricultural products, with agriculture exports worth \$9.2 billion annually according to the Minnesota Department of Agriculture. Our farmers produce safe and high-quality products that countries around the globe desire, and we encourage the Ways and Means Committee to work with the administration to increase more opportunities for our products to be marketed globally.

According to the United States Department of Agriculture, twenty percent of U.S. agricultural products are exported, and in 2022 those exports were valued at \$196 billion in sales. These statistics show how critically important trade is to the farm economy in the U.S., and why growing new markets and maintaining current partnerships is vital to the farming community in Minnesota and across the country.

USMCA

Along with growing new markets, we also believe that fairness in our trade agreements is an important factor to Minnesota's farming industry. This importance is articulated through the work of U.S. Trade Representatives in disputes through the United States-Mexico-Canada Agreement (USMCA). Canada and Mexico are the second and third largest importers of U.S. agricultural goods, and we value the trade relationship we have with them. We are encouraged that the US has been working through the USMCA's processes to dispute behaviors by both Canada and Mexico. Whether it is Canada with dairy imports, or Mexico on biotech corn, we advocate for the continued efforts by our trade representatives and are hopeful for an equitable outcome.

Following these processes can lead to more trade opportunities with those countries, while also protecting American farmers from unfair practices that break the agreement's rules.

Commodities of Importance

Minnesota is a top-ten agriculture production state, and a leader in growing a variety of crops and livestock.

A significant crop in Minnesota is sugar beets, and Minnesota is the nation's leader in sugar beet production. American sugar production accounts for approximately seventy percent of domestic need, but sugar producers receive a great deal of global competition.

This speaks to the importance of American sugar policy, a key piece of farm bill policy for Minnesota's sugar beet farmers. We need to protect our sugar producers from foreign suppliers who protect their own production through subsidies and dump cheaper sugar into the U.S. market. Without a healthy sugar policy that places appropriate controls based on economic

principals, our sugar farmers in Minnesota and across the country could be put at an unfair disadvantage.

Additionally, the number one and two agricultural exports are corn and soybeans in Minnesota. Both products rely on strong trade as use in food products and animal feed. Our corn and soybean farmers in Minnesota play a significant role in our farm economy, and finding more avenues for these products to be sold into international markets will only strengthen Minnesota agriculture.

Another commodity that we hope to see continued market opportunities for is our pork industry, which is one of Minnesota's top agricultural exports. Minnesota is one the top states in the country for hog production, and our swine producers have spent decades improving production practices, genetics, and feeding protocols to create an efficient industry that produces high quality meat products. Across the world, American pork is in high demand, and the pork industry needs more opportunities to sell their products to foreign customers.

MAP/FMD

As legislators in Washington D.C. continue their work to write a 2023 Farm Bill, we encourage members of this committee and congress to be supportive of the Market Access Program (MAP) and Foreign Market Development (FMD) program with the United States Department of Agriculture (USDA). These programs help to create more markets for U.S. agricultural products, and the MAP/FMD programs deserve an increase of funding to allow for more market development for our farmers products.

Trade Promotion Authority

The Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (Trade Promotion Authority) ended on July 1, 2021. We support the reauthorization of the Trade Promotion Authority, and believe it is a tool to create successful trade negotiation discussions.

Supply Chain and Infrastructure

It is important to recognize the connection between trade and the ability to move goods. If we cannot get our products to the places that have a high demand for them, then all our hard work to produce them is null and void.

In Minnesota, we are blessed with many ways to move goods, from the Mississippi River, Duluth Port, the rail system, and through trucking. The MFBF is hopeful to see growth in the use of the Duluth Port for agricultural products and believes that utilizing the world's largest freshwater port will lead to continued opportunities for the transportation of our commodities to other countries. Additionally, maintaining the Mississippi River system is vital for Minnesota and the nation, as it is a powerful corridor for the movement of goods.

Conclusion

With over twenty percent of agricultural products finding their way to export markets, the importance of strengthening trade relationships with countries both current and new cannot be

understated. The MFBF encourages the House Ways and Means committee to continue its work to advance trade forward America's agriculture farmers and ranchers.

A handwritten signature in black ink, appearing to read "Dan Glessing". The signature is fluid and cursive, with the first name "Dan" being more prominent than the last name "Glessing".

Dan Glessing



July 21, 2023

The Honorable Jason Smith
Chairman
Committee on Ways and Means
United States House of Representatives
1139 Longworth House Office Bldg.
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
United States House of Representatives
1139 Longworth House Office Bldg.
Washington, DC 20515

Dear Chairman Smith and Ranking Member Neal:

As the trusted leader and definitive voice of the U.S. cattle and beef sector, the National Cattlemen's Beef Association (NCBA) appreciates the opportunity to submit a statement for the record in response to the field hearing titled "Agriculture and Critical Supply Chains." NCBA is the oldest and largest national trade association representing the interest of U.S. cattle producers, with nearly 26,000 direct members and over 178,000 members represented through its 44 state affiliate associations. On behalf of U.S. cattle producers, NCBA is pleased to share additional comments expanding on the testimony provided by our past president, Mr. Don Schiefelbein, who graciously hosted the hearing at his family-owned cattle operation.

Building on Mr. Schiefelbein's comments, U.S. cattle and beef production standards are some of the most technologically advanced, highly efficient, safe, and sustainable production methods in the world, and other countries should embrace our science-based approach to sustainably produce high-quality beef. Historically, our science-based standards have been subject to unjustified, non-science-based trade barriers across Asia, the Americas, and Europe. Likewise, U.S. beef exports faced massive, trade-restrictive tariffs of 30-80 percent. Fortunately, many of these subjective barriers have been greatly reduced or removed entirely because of the dogged, proactive engagement of the U.S. government to use a myriad of tools to open and expand market access for U.S. cattle producers. NCBA strongly supports a united government approach to international trade because we are a prime example of an industry that benefits from effective trade policy that removes barriers to our exports and holds a high standard for imports. NCBA encourages the members of the House Committee on Ways and Means to continue actively engaging in international trade issues and educate other Members of the House on the importance of sound, market-based, and science-based trade standards.

Prioritize Negotiating Trade Agreements with Allies

Geo-political instability and supply chain disruptions over the past couple of years have underscored the importance of building stronger economic relationships with trustworthy, dependable markets. Furthermore, farmers and ranchers are sensitive to the effects of inflation, rising input costs, scarcity of supplies, and other market pressures that make it difficult for family farms and small businesses to remain competitive. One positive development in recent years has been the increase in export sales of U.S. beef by opening and expanding major Asian markets prior to and during COVID-19. Securing market access has been mutually beneficial for U.S. cattle producers and overseas consumers who faced domestic supply issues and food shortages because of COVID-19 restrictions. In a time when global supply chains were disrupted with labor shortages, lockdowns, congested ports, and panic buying, the removal of restrictive tariffs and unscientific regulatory barriers with our trade partners helped minimize supply chain disruptions and connect U.S. beef with consumers.

It has been discouraging to see the Biden Administration step back from full engagement in trade negotiations with our oldest ally, the United Kingdom (UK). Instead of securing a robust, market-based, and science-based trade agreement with the United Kingdom, we are sitting on the sidelines watching our competitors in Australia and New Zealand gain a competitive advantage for their products. More importantly, the ongoing European supply chain disruptions and subsequent rise of food security concerns can be assuaged by securing stronger economic ties with the United Kingdom with a trade agreement. Cattle producers in the UK and the United States have very similar values when it comes to raising cattle and producing beef. We both prioritize animal health and welfare (Beef Quality Assurance Program¹ and Red Tractor²), we both prioritize sustainable production practices to care for land and water, our farms are family-owned small businesses, and we prioritize science-based standards. We have some of the safest, highest standards in the world, and our consumers benefit from those efforts.

Unfortunately, the annual Hilton Quota for U.S. beef in the UK is limited to 1,000 metric tons with a 20 percent tariff,³ and the UK is limited to a small share of the “Other Country” beef import quota⁴ that is dominated by Brazilian beef. There is an opportunity for complementary beef trade, but not outside of a trade agreement. If we want stronger supply chains with the UK, we must prioritize a bilateral trade agreement between our countries. NCBA supports the Undertaking Negotiations on Investment and Trade for Economic Dynamism (UNITED) Act, and we will continue to work with Congress in support of a comprehensive bilateral trade agreement with the United Kingdom.

Reaping the Benefits of Market-Based, Science-Based Trade

U.S.-Mexico-Canada Agreement (USMCA)

Without question, the U.S.-Mexico-Canada Agreement (USMCA) has given U.S. beef a strong advantage over other countries in competition for North American consumers. Today, Mexico and Canada are two of the leading export markets for U.S. beef. Duty-free access, close proximity, and our vast transportation infrastructure system are a few of the main reasons why Canada and Mexico are such strong markets for U.S. beef. According to the USDA Foreign Agricultural Service (USDA-FAS), the 1993 pre-NAFTA level of U.S. beef exports to Mexico was 39,000 tons valued at \$116 million.⁵ As a result of NAFTA, Mexico eliminated its 15 percent tariff on live slaughter cattle, its 20 percent tariff on chilled beef and its 25 percent tariff on frozen beef. According to USDA, Mexican consumers purchased nearly 185,000 metric tons of U.S. beef at a total of \$968 million in 2022.⁶ Likewise, Canadian consumers purchased 105,000 metric tons of U.S. beef at a value of nearly \$835 million.⁷ While most market U.S. beef export growth potential has shifted to Asian markets, Canada and Mexico continue to be strong markets for U.S. beef sales.

Korea-U.S. Free Trade Agreement (KORUS)

Prior to the implementation of the Korea-U.S. Free Trade Agreement (KORUS), U.S. beef faced a massive 40 percent tariff in addition to numerous non-tariff trade barriers. NCBA strongly supported the ratification and implementation of KORUS and now Korea is one of the largest export markets for American beef. When KORUS was implemented in 2012, the United States exported nearly 125,614 metric tons of beef valued at \$582 million.⁸ As the 40 percent tariff declined as part of KORUS, U.S. beef exports have increased

¹ Beef Quality Assurance, www.bqa.org, accessed 07/21/2023.

² Red Tractor Program, www.redtractor.org.uk, accessed 07/21/2023.

³ U.S. Meat Export Federation, <https://www.usmef.org/export-data/import-duties-by-country>, accessed 07/21/2023.

⁴ USDA-Foreign Agricultural Service, <https://www.fas.usda.gov/data/reviewing-tariff-rate-quotas-us-beef-imports>, accessed 07/21/2023.

⁵ Sek, Lenor, “NAFTA and US-Mexico Cattle Trade”, CRS Report No. 96-389, 1996.

⁶ U.S. Meat Export Federation, 2022 Total Beef + Variety Meats, <https://www.usmef.org/export-data/export-statistics>.

⁷ *Id.*

⁸ U.S. Meat Export Federation, 2012 Total Beef + Variety Meats, <https://www.usmef.org/export-data/export-statistics>.

significantly. In 2022, U.S. beef exports reached approximately 292,000 metric tons valued at \$2.7 billion,⁹ making it the top export market for U.S. beef by value. According to estimates from the U.S. International Trade Commission, annual exports of U.S. beef were expected to increase as much as \$1.8 billion once the agreement is fully implemented,¹⁰ a benchmark that was achieved by 2019. Eliminating the 40 percent tariff has given Korean consumers greater access to safe, wholesome U.S. beef at a more affordable price.

The growth in U.S. beef sales in Korea is evidence that consumer confidence has improved significantly since trade renewed in 2008. We recognize the 30-month age-based restriction on U.S. beef is a sensitive issue in Korea, but it is an issue that should not be ignored. Similar 30-month restrictions have been lifted in China, Japan, and Taiwan because they recognize the safety and quality of U.S. beef. The United States has some of the most rigorous standards and highest safeguards concerning bovine spongiform encephalopathy (BSE), and we should pursue consultations with Korea to discuss removing the age restriction and strengthening science-based trade between our countries.

U.S.-Japan Trade Agreement

Japan is the top export market for U.S. beef by volume, accounting for nearly 309,000 metric tons at a value of \$2.3 billion in 2022.¹¹ Japanese consumer demand for U.S. beef has grown significantly in the past decade because of expanded market access and improved science-based trade. Prior to 2012, Japan maintained an arbitrary restriction that only allowed imports of U.S. beef from cattle that were slaughtered before they reached 21-months of age. This was inconsistent with internationally recognized science-based standards and was primarily a politically motivated and protectionist trade barrier. After intense engagement from the U.S. government, Japan lifted the restriction from 21 months to 30 months, allowing a greater volume of U.S. beef imports. In 2019, the 30-month restriction was lifted entirely and is consistent with international guidelines.

In addition to applying restrictive non-tariff trade barriers, Japan also applied a massive 38.5 percent tariff on U.S. beef imports. NCBA was a strong advocate for the Trans-Pacific Partnership (TPP) because it would have lowered the Japanese tariff on U.S. beef and put us on a level playing field with Australia. When the United States left the TPP, NCBA urged the Trump Administration to prioritize trade with Japan to prevent U.S. cattle producers from falling behind or competitors in our top export market. To that end, NCBA strongly supported the swift negotiation and implementation of the U.S.-Japan Trade Agreement that put us on a level playing field.

NCBA also applauded the Biden Administration for addressing our concern with the 242,000 metric ton annual safeguard for U.S. beef. Under the terms of the original agreement, the tariff on U.S. beef increased to 38.5 percent when the volume-based safeguard was triggered within the first year of the agreement. To the credit of our negotiators, the trade agreement included a clause where Japan agreed to consult to adjust the applicable safeguard trigger level to a higher level if the safeguard was triggered. NCBA was pleased that USTR was able to work closely with the Japanese government to resolve the issue with the safeguard and arrive at a solution that benefits Japanese consumers and U.S. cattle producers.¹²

Phase One – U.S.-China Trade Deal

Phase One of the U.S.-China Trade Deal was very beneficial for U.S. cattle producers because it removed major non-tariff trade barriers to U.S. beef including the 30-month age BSE restriction, removal of the book-end

⁹ U.S. Meat Export Federation, 2022 Total Beef + Variety Meats, <https://www.usmef.org/export-data/export-statistics>.

¹⁰ USITC, “U.S.-Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects”, 2007, <https://www.usitc.gov/publications/pub3949.pdf>.

¹¹ U.S. Meat Export Federation, 2022 Total Beef + Variety Meats, <https://www.usmef.org/export-data/export-statistics>.

¹² “United States and Japan Reach an Agreement to Increase Beef Safeguard Trigger Level Under the U.S.-Japan Trade Agreement,” [USTR](#), March 21, 2022.

traceability requirements, and the repeal of the hormone ban. These were game-changing reforms that resolved many of the barriers that greatly limited our access to China. When U.S. beef was restored in 2017, annual U.S. beef export sales to China only reached \$31 million.¹³ Within five years, China has developed into a top three market valued at \$2.15 billion.¹⁴

As part of the deal, China agreed to “conduct a risk assessment for ractopamine in cattle and swine as soon as possible without undue delay.”¹⁵ This part of the agreement has not been fulfilled, and given China’s history of lengthy delays and bureaucracy, the U.S. government must remain vigilant at holding China accountable for implementing all terms of the agreement.

Taiwan

In recent years, Taiwan has emerged as the fifth largest export market for U.S. beef, with \$747 million in sales in 2022.¹⁶ Like other Asian markets, Taiwan has a history of applying non-tariff trade barriers to U.S. beef imports such as a 30-month restriction due to BSE and a ban on the importation of beef from cattle that were fed ractopamine. In 2012, Taiwan established a maximum residue level for ractopamine in beef, based on the recommendations of the Codex Alimentarius. This was an extremely volatile political move for President Ma, but the MRL only applied to beef, not pork—the more politically sensitive product. This remains a highly sensitive issue in Taiwan. In 2020, Taiwan also announced it would lift the 30-month age restriction on U.S. beef. NCBA is appreciative of this step forward and it is the result of continued pressure from the U.S. government and NCBA for the past decade. NCBA is encouraged to see bipartisan and bicameral support for H.R. 4004, the United States-Taiwan Initiative on 21st-Century Trade First Agreement Implementation Act. It is important that any future agreements with Taiwan are based on science.

Indo Pacific Economic Framework (IPEF)

Market Access Must Be Addressed in IPEF

Even though the Biden Administration has decided not to address tariff barriers through IPEF, it is worth noting that tariffs continue to be a major impediment for U.S. beef exports to certain Indo-Pacific markets such as Vietnam (30 percent tariff) and Thailand (50 percent tariff). Vietnam has the potential to become a major export market for U.S. beef, but we are significantly disadvantaged by our competitors in member-countries of the Comprehensive and Progressive Trans-Pacific Partnership.

IPEF Must Prioritize Objective, Science-Based Trade to Remove Non-Tariff Barriers

The United States has a proven track record of promoting and defending objective, science-based trade in agriculture. Unfortunately, U.S. agricultural goods such as beef have a long history of facing trade-restrictive measures in certain markets where science was treated subjectively, not objectively, and standards were not supported by the international scientific community. Some of the most notable restrictions include age-based restrictions related to BSE, and restrictions on the use of production technologies like hormones and beta agonists. U.S. beef continues to face unjustified non-science-based barriers in some Indo-Pacific markets.

The United States and other potential IPEF countries should establish rules that are compliant with the World Trade Organization – Sanitary and Phytosanitary Standards (WTO-SPS) Agreement and incorporate

¹³ U.S. Meat Export Federation, 2017 Total Beef + Variety Meats, <https://www.usmef.org/export-data/export-statistics>.

¹⁴ U.S. Meat Export Federation, 2022 Total Beef + Variety Meats, <https://www.usmef.org/export-data/export-statistics>.

¹⁵ “Economic and Trade Agreement Between the Government of the United States and the People’s Republic of China,” [USTR.gov](https://ustr.gov).

¹⁶ U.S. Meat Export Federation, 2022 Total Beef + Variety Meats, <https://www.usmef.org/export-data/export-statistics>.

internationally-recognized standards and recommendations from the Codex Alimentarius (Codex) and the World Organization for Animal Health (OIE). Codex is the preeminent international food safety standard-setting body tasked with both protecting public health and facilitating fair practices in food trade. Codex has achieved this status because it uses scientific risk assessments as the basis for its standard setting, which follows a structured, transparent, and inclusive process. The international trade rules of the WTO-SPS Agreement recognize Codex as the food safety standard-setting body and many national governments base their food safety regulations on Codex standards. Similarly, the OIE is the WTO reference organization for standards relating to animal health, and U.S. industry standards are compliant with the OIE Terrestrial Animal Health Code related to cattle. As global trade continues to grow in cattle and beef, it is critically important that any standards adopted in IPEF retain the objective, science-based principles of Codex and OIE. Moreover, IPEF should consider applying a similar SPS chapter like that of the U.S.-Mexico-Canada Agreement.

IPEF should incorporate rules-based, science-based, and market-based standards that decrease the likelihood of political interference in commerce and provide greater certainty to develop stronger supply chains. Stable, profitable trade between like-minded interests is an important goal we should work toward, and the United States should seek opportunities to increase trade with our allies in the Indo-Pacific region.

Beware of Trade Partners Who May Compromise the Safety of the U.S. Cattle Herd or U.S. Consumers

Brazil

On February 22, 2023, there was a confirmed case of atypical BSE in the northern state of Para, Brazil. It took Brazil 35 days to report the atypical BSE case, inconsistent with reporting times of every other major beef producing country. NCBA raised concerns with USDA Secretary Tom Vilsack over Brazil's repeated lack of timely reporting of animal health diseases to the World Organization for Animal Health (WOAH, formerly known as OIE), as well as its trade partners.¹⁷ While atypical BSE cases are rare and are excluded from WOAH's scope of BSE categorization, most countries immediately report atypical BSE cases as a matter of transparency and as a commitment to objective, science-based standards. The latest Brazilian incident is another example of the extensive time lapse between the start of a BSE event and the confirmation and/or reporting of the event. In 2021, NCBA raised concerns¹⁸ over Brazil's two previous incidences of atypical BSE, one in Minas Gerais on June 11, 2021,¹⁹ and another in Mato Grosso on June 25, 2021.²⁰ Unfortunately, WOAH was not notified of Brazil's two BSE cases until September 3, 2021 — several weeks after both cases were identified. It is deeply concerning that Brazil was unable to report or chose not to report its two BSE cases to WOAH for several weeks.

Unfortunately, Brazil has a history of delayed reporting of BSE cases including one atypical case in 2019 (2 months),²¹ an atypical case in 2014 (1 month),²² and an atypical case in 2012 (nearly 2 years).²³ Brazil's history of failing to report incidences of BSE calls into question its commitment to reporting other significant diseases such as African Swine Fever, Avian Influenza, or Foot-and-Mouth Disease (FMD). It is understandable that these diseases, if reported, could pose a major threat to Brazil's exports, as noted in WOAH's guidance in reporting. "The notification of diseases may have a negative impact on the economic performance of a country (e.g. by causing loss of export markets or discouraging tourism). However, new information technologies and practices make it difficult for governments to hide occurrences of serious notifiable diseases. A country's credibility must be based on timely and accurate notification of diseases, and this also gives the respective

¹⁷ "NCBA Calls Again for Immediate Halt to Brazilian Beef Imports," NCBA Press Release, 02/28/2023.

¹⁸ "NCBA Urges Vilsack to Halt Brazilian Beef Imports," NCBA Press Release, 11/12/2021.

¹⁹ WOAH – World Animal Health Information System (WAHIS), Report ID 151513, 09/06/2021.

²⁰ WOAH – World Animal Health Information System (WAHIS), Report ID 151514, 09/06/2021.

²¹ WOAH – World Animal Health Information System (WAHIS), Report ID 30678, 05/31/2019.

²² WOAH – World Animal Health Information System (WAHIS), Report ID 15148, 05/02/2014.

²³ WOAH – World Animal Health Information System (WAHIS), Report ID 12682, 12/07/2012.

government a much better position to contain a disease, as compared with the situation where it first has to defend a failure to comply with international obligations. Regaining credibility in the face of public knowledge of failure to meet international rules is a costly and time-consuming exercise and can be of the highest political risk for policy-makers.”²⁴

Last year, the Brazilian government made the disturbing announcement that Brazil will no longer vaccinate half of its cattle herd against FMD. Since 2018, Brazil has been designated by WOAHP as “FMD free with vaccination,” but last year, the Brazilian government declared its cattle FMD free, with plans to stop all vaccinations by 2026.²⁵ In April 2023, the Brazilian government took that a step further by banning the sale and use of FMD vaccines in seven states including Espírito Santo, Goiás, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Tocantins and the federal district.²⁶ It is important to note that Mato Grosso do Sul shares a long border with Paraguay. Meanwhile, FMD continues to spread across South America in neighboring countries like Venezuela and Colombia, and has also been discovered in Indonesia, North Africa, and South Korea. The global threat of FMD is real, and the negligent response of Brazil poses a great risk to the U.S. cattle herd. NCBA has repeatedly raised concerns over Brazil’s history of FMD, its repeated food safety concerns, and most recently, its lack of commitment to abide by WOAHP standards when it comes to timely reporting of certain diseases.²⁷ USDA’s lack of response to Brazil’s repeated offenses sends the message to neighboring countries that actions like that are permissible, even for countries with a history of FMD. If USDA tacitly endorses Brazil’s anti-vaccination plan it is only natural that other countries, will follow suit and reconsider their FMD vaccination plans – adding greater risk to the U.S. cattle herd. Instead of letting them slide, USDA should send a stronger message to current and prospective trade partners that science-based standards will be enforced at all times, without exception.

Paraguay

In May, USDA posted a notice for comment on the proposed rule to allow Paraguayan beef imports. According to USDA, Animal and Plant Health Inspection Service (APHIS) conducted a risk analysis and gathered data to support the analysis from records of Paraguay’s Servicio Nacional de Calidad y Salud (SENACSA) and other publicly available sources such as a 2009 analysis from the World Organization for Animal Health,²⁸ and APHIS conducted in-person site visits in 2008 and 2014 to verify the information provided by SENACSA. From that analysis, APHIS determined that the risk associated with importing fresh beef for Paraguay is low and Paraguay has the ability to report, contain, and eradicate FMD in the event of an outbreak. Following the review, APHIS made the determination that Paraguay is able to comply with U.S. import standards. USDA Food Safety and Inspection Service also completed an establishment audit in 2022. We have serious concerns that USDA is relying on 9-year-old information regarding Paraguay’s capabilities to respond to FMD.

Furthermore, it is highly concerning that there are no official site visit reports from the APHIS in-country visits in 2008 and 2014.²⁹ While this lack of transparency may no longer be the protocol of APHIS evaluations of other countries, NCBA strongly discouraged APHIS from proceeding with the application until new site visits have occurred and an updated risk analysis is conducted based off the official site visit reports, and stakeholders are allowed time to review the results and better understand the risks associated with Paraguayan beef imports. A truly science-based process should follow the most recent and relevant information, and it is alarming that

²⁴ “Notification of Animal and Human Diseases – Global Legal Basis,”

https://www.oie.int/fileadmin/Home/eng/Current_Scientific_Issues/docs/pdf/notification-EN.pdf; accessed 07/21/2023.

²⁵ “Brazil’s national herd free of foot and mouth disease without vaccination, government’s target,” [MercoPress.com](https://mercopress.com), 08/10/2022.

²⁶ “Brazil bans use of foot-and-mouth vaccine in 7 states,” Reuters, 04/06/2023.

²⁷ “NCBA Calls Again for Immediate Halt to Brazilian Beef Imports,” NCBA Press Release, 02/28/2023.

²⁸ “Herramienta para la Evaluación de las Prestaciones de los Servicios Veterinarios – Paraguay”, World Organization for Animal Health, April 2009. Available at https://www.woah.org/fileadmin/Home/eng/Support_to_OIE_Members/docs/pdf/FinalReport-Paraguay.pdf

²⁹ “Foot-and-Mouth Disease: USDA’s Evaluations of Foreign Animal Health Systems Could Benefit from Better Guidance and Greater Transparency,” GAO Report 17-373, p. 21, April 2017.

APHIS would base a significant decision like this without relying on more recent data. Wisdom tells us to trust but verify.

While winning friends and allies in South America may be part of the long-term interests of U.S. diplomacy, it should not be done on the backs of U.S. cattle producers or by putting at risk the health and livelihood of the safest and most efficient cattle and beef production system in the world. U.S. cattle producers have worked closely with the U.S. government for decades to develop the most efficient and safe production system in the world. Furthermore, the U.S. government continues to invest heavily in developing a vaccine bank, preparedness plans, and diagnostic capabilities to combat and recover from the unfortunate perils of an FMD outbreak. It is counterproductive to increase the risk of potential exposure to FMD by proceeding with this application without an updated in-person assessment of Paraguay's animal health system.

Guard Against Emerging Non-Tariff Barriers

Promote Voluntary, Verified, and Trade-Compliant Origin Labeling Claims for U.S. Beef Products

In 2015, Congress repealed the mandatory country-of-origin labeling (MCOOL) law that required beef sold in grocery stores to carry a label indicating where the animal was born, raised, and slaughtered. Application of this mandatory USDA marketing program created discriminatory practices that discounted Mexican-born and Canadian-born cattle that were slaughtered in the U.S., in violation of international trade laws. This resulted in a lengthy, multi-year series of WTO decisions against the United States, with the World Trade Organization (WTO) awarding Canada and Mexico with \$1 billion in retaliatory tariffs against the United States. Canada and Mexico did not enforce the judgment after Congress repealed MCOOL, but they retain the right to retaliate if MCOOL is restored – an important thing to remember as there is currently no functioning WTO Appellate Body to resolve the dispute.

NCBA believes the best way to have true product differentiation is to use origin labeling marketing claims that are voluntary and verified by USDA. USDA's proposed rule to improve "Product of USA" labels for beef is an attempt to find a voluntary solution, but there are concerns that the implementation of the proposed rule may cause greater trade issues if not addressed. NCBA will continue working with USDA and the entire value chain to ensure that accurate and voluntary origin labels are in place to benefit cattle producers and consumers.

EU Article 118 – Veterinary Medicines Legislation

In June 2018, the EU adopted veterinary medicines legislation that contains the "concept of reciprocity" for antimicrobial drug use practices—commonly referred to as Article 118. Under this rule, the EU will no longer set antimicrobial resistance policies on a risk-assessment but will use hazard-based analysis. Lowering the scientific threshold to restrict the use of veterinary medicines could have negative impacts on animal health and will most likely be used by the European Union as another unjustified non-tariff trade barrier. Under the terms of Article 118, all countries exporting animals or animal products (meat, milk, eggs, fish) to the European Union must follow antimicrobial use guidelines from the EU and not administer any antimicrobials that are restricted from use in food-producing animals in the EU. Reciprocity is not legal under the WTO and the United States must take all necessary steps to prevent the European Union from diluting the importance of science-based trade standards.

NCBA cautions against using trade agreements or frameworks as platforms to erect climate-related non-tariff trade barriers and urges the United States to avoid following the European Union's politically motivated model. For example, in order to achieve the goal of climate neutrality by 2050, the EU Green Deal includes a proposal to establish a carbon border adjustment mechanism (i.e. carbon border tax) to reduce the risk of "carbon leakage" by assessing a tax on imported goods based on carbon content and origin of the good. "A carbon price imposes costs, and if foreign suppliers do not bear these costs, they will gain an advantage. Over time, production will shift to jurisdictions that do not impose this tax, and the country that imposed the measure in the first place will have punished its industry while doing little to limit (global) emissions. The solution to this problem, so far, has been to exempt the industry from having to pay these costs by allocating emission rights to them for free. Now Europe wants to impose a cost on imported goods to offset whatever advantage they might have."³⁰ By exporting EU regulations, the EU will use its economic power to strong-arm the developing world into adopting its standards, in turn slowing development overall. This approach is not new; the EU has long applied this strategy in international forums on animal health.

Likewise, in response to media coverage of fires in the Amazon, the EU is implementing new restrictions on imports of goods from Brazil and other countries where deforestation may occur. The concept requires companies to verify that their imported goods are not sourced from lands that have been deforested or from lands of displaced indigenous peoples. The theme of supply chain accountability is one that is gaining broader support in Europe, the United Kingdom, Japan, and the United States. Some legislative proposals in Congress would extend the Lacey Act to include imported goods from deforested lands. Put simply, cattle production in the United States does not contribute to deforestation. While some U.S. policymakers may prefer to use measures like this to restrict beef imports from other countries, it would set a dangerous precedent that may be used against us in the future. By simply substituting deforestation with another subjective term, U.S. cattle producers become subject to unfair trade barriers. It is important that we commit to using objective, science-based standards at all times, and avoid following the European example of subjective trade.

Consider the Positive Impact of U.S. Cattle Production in Addressing Climate Concerns

One of the goals the Biden Administration's trade policy is the decarbonization of economies, including construction materials, the digital economy, and other sectors. While agriculture has not been listed as an area of focus for decarbonization, it is important to recognize that the land we use to raise cattle and produce beef is an excellent example of effective decarbonization. Grasslands are nature's decarbonization technology, and proper grazing of cattle improves soil health, leads to greater water retention, increases carbon sequestration, and reduces the risk of catastrophic wildfire. While some seek to target cattle as a major source of climate change, the truth is that direct emissions from cattle account for only 2 percent of the United States' overall greenhouse gas emissions.³¹ In addition to environmental benefits, there are positive economic benefits to cattle production. In fact, the ecosystem services of cattle production on government-owned land and private lands provide \$24.5 billion of societal value in the United States.³² U.S. cattle production should be viewed as a model of capturing environmental and economic benefits in sustainable food production.

³⁰ Tsafos, Nikos, "How Can Europe Get Carbon Border Adjustment Right?", Center for Strategic and International Studies, 08/07/2020.

³¹ U.S. Environmental Protection Agency. Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2019. Available at: <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks-1990-2019>.

³² Taylor, DT, et al. 2019. National and State Economic Values of Cattle Ranching and Farming Based Ecosystem Services in the U.S. University of Wyoming Extension B-1338.

There may be a desire by IPEF countries to use the framework as a vehicle to coordinate efforts to address climate change. If the United States seeks to implement its climate strategy through IPEF or any other function, NCBA urges the adoption of the GWP* methodology. GWP* accurately characterizes the warming potential of short-lived greenhouse gases (GHGs), such as methane. According to leading scientists at the University of Oxford, “[t]he 100-year variant of the Global Warming Potential (GWP₁₀₀) has been formally adopted in international climate policy (currently as established in the Kyoto Protocol, and in the draft text of the Paris Agreement³³) and standardized Life Cycle Assessment (LCA)/carbon-foot printing approaches³⁴). Subsequently, GWP₁₀₀ has become the de facto standard for expressing emissions in the scientific literature and general media, having essentially become shorthand for the relative climate impacts of a given product or activity. Despite its ubiquity, the relationship between aggregate CO₂ Equivalent (CO₂-e) emissions calculated using GWP₁₀₀ and global warming itself is ambiguous. Fundamentally, many of the shortcomings of the GWP₁₀₀ calculation as a universal climate metric arise because it cannot sufficiently differentiate the impacts of long- and short-lived climate pollutants (SLCPs). In previous reports, the International Panel on Climate Change (IPCC) has acknowledged the shortcomings of current methods of reporting methane impacts, including GWP₁₀₀.³⁵ GWP* was first reported by the Climate Dynamics research team at the University of Oxford in 2018, led by Myles Allen (commonly referred to as “the physicist behind net zero”) and has been gaining acceptance in the scientific community as a GWP calculation that more effectively measures the global warming impact of methane.³⁶

Moreover, the conventional GWP₁₀₀ methodology does not adequately capture the different behaviors of long-lived climate pollutants (LLCPs) and SLCPs. The atmospheric lifetime and radiative impacts of different GHGs differ dramatically. Acknowledgement of this reality led to the widescale adoption of the GWP₁₀₀ methodology. GWP₁₀₀ equates emissions using a scaling factor – CO₂-e. GHGs are assigned a GHG equivalency, then that number is used to determine the emissions’ potential impact. Following GWP₁₀₀, a pound of methane equates to 25 pounds of CO₂. Thus, methane is calculated as 25CO₂e. However, this simplified scaling factor fails to recognize the amount of time emissions remain in the atmosphere – an equally important factor in determining potential atmospheric impact. The GWP* methodology seeks to remedy this oversight.³⁷

Anthropogenic warming estimations are largely determined by the cumulative total emissions of LLCPs and the emission rates of SLCPs. GWP* equates an increase in the emissions rate of an SLCP with a single “pulse” emission of CO₂, and thus considers not only the initial intensity of GHGs, but also the amount of time that they remain in the atmosphere. This approach is a significant improvement on the conventional GWP₁₀₀ methodology. Further, the GWP* methodology modifies the conventional GWP definition to consider CO₂ warming equivalents (CO₂-we) rather than CO₂-e. Following GWP*, SLCPs can be incorporated directly into carbon budgets consistent with long-term temperature goals, because every unit of CO₂-we emitted generates approximately the same amount of warming, whether it is emitted as a SLCP or a LLCP. This is not the case for conventionally derived CO₂-e measurements. The adoption of accurate emissions methodology is necessary to ensure that national and international climate policies achieve desired outcomes. NCBA urges the United States’ adoption of GWP*, and further asks the United States to promote GWP* adoption internationally.

³³ UNFCCC 2018 Presidency consultations on modalities, procedures and guidelines under the Paris Agreement with a focus on transparency Draft Report Version 1.

³⁴ ISO 14044 2006 *Environmental Management—Life Cycle Assessment—Requirements and Guidelines*.

³⁵ John Lynch et al 2020 *Environ. Res. Lett.* 15 044023

³⁶ Allen, M. et al, A solution to the misrepresentations of CO₂-equivalent emissions of short-lived climate pollutants under ambitious mitigation, *Climate and Atmospheric Science* 1, 16 (2018).

³⁷ Cain, M., Lynch, J., Allen, M.R. et al., *Improved calculation of warming-equivalent emissions for short-lived climate pollutants*, *Climate Atmospheric Science* 2, 29 (2019). <https://doi.org/10.1038/s41612-019-0086-4>.

Imitation Products and Alternative Proteins are Unrealistic Solutions to Address Food Security Concerns

Proponents and investors of imitation products like plant-based proteins market their products with unsubstantiated claims that they are more environmentally friendly, or healthier than proteins like beef. Such marketing claims conveniently ignore the numerous environmental benefits of U.S. cattle production such as carbon sequestration and conservation of wildlife habitat, while also ignoring the fact that calorie for calorie, and serving for serving, lean ground beef offers more high-quality protein than imitation products. It takes a long list of ingredients to attempt to replicate the taste and texture of beef, including added processing ingredients like sodium, saturated fat and starches.³⁸ Marketing claims aside, the truth is that alternative proteins represent less than 1 percent of overall U.S. market share for meat, and consumers still clearly prefer beef to imitation products. Plant-based products are a niche product by comparison, and they lack the quality or quantity of U.S. beef products to address food security concerns in the Indo-Pacific region. Furthermore, synthetic beef or cell-cultured beef, is still awaiting extensive regulatory approval to determine if it is safe for human consumption and eligible for the international market. Meanwhile, U.S. beef is safe, nutritious, affordable, and readily available to address global food security concerns.

Conclusion

The U.S. cattle and beef sector has benefitted greatly from market-based, science-based, and rules-based trade policies that were secured through hard fought negotiations for trade agreements that relied on coordination of the legislative and executive branch. It is our desire to build on that success by working with you to identify and remove unjustified trade barriers and create a competitive market for future generations of U.S. cattle producers. While there may be pressure to adopt more subjective standards or compromise on long-held principles, NCBA maintains that trade policies established by the U.S. government should only be based on objective, science-based standards. Other subjective factors, while well-intended, may create a precedent for trade partners to install arbitrary, non-science-based trade barriers that are detrimental to U.S. cattle producers and may discourage sustainable food production instead of promoting it.

As stated in the field hearing and through these comments, the United States has a strong history of being the standard-bearer and promoter of objective, science-based trade, and the U.S. government should reinforce that position as we look for realistic solutions to combat food security, promote sustainable food production, and build resilient supply chains. NCBA stands ready to work with the Committee on Ways and Means to promote realistic, proven solutions to supply chain concerns. If you have any questions, please direct them to Kent Bacus, Executive Director, Government Affairs, NCBA (kbacus@beef.org).

Sincerely,



Kent Bacus
Executive Director, Government Affairs
National Cattlemen's Beef Association

³⁸ "Plant-Based Meat Substitutes Drive Headlines, Beef Drives Sales." <https://www.beefitswhatsfordinner.com/foodservice/menu-concepts-diner-insights/meat-substitutes-in-foodservice>, Accessed 04/06/2022.

**Written Statement for the Record
of the
National Pork Producers Council,
Minnesota Pork Producers Association
Trade in America: Agriculture and
Critical Supply Chains
Agriculture Advisory Committee
July 10, 2023**

The Honorable Michelle Fishbach
Minnesota Congressional District 7
U.S. House of Representatives

Dear Congresswoman Fishbach,

The National Pork Producers Council, which represents the nation's 66,000 pork producers, and the Minnesota Pork Producers Association, which has more than 3,000 hog producer members, thank you for holding this field hearing to listen to the concerns of America's farmers.

Introduction

As you know, the U.S. pork industry is a significant contributor to the economic activity of U.S. agriculture and the broader U.S. economy, marketing about 140 million hogs annually. Those animals provided farm-level gross cash receipts of more than \$30 billion in 2022 and about 27 billion pounds of safe, wholesome and nutritious meat protein to consumers worldwide. The U.S. pork industry supports more than 600,000 mostly rural jobs in the United States and last year contributed more than \$57 billion to the country's GDP.

To provide some context for the narrative that follows: Today is a challenging time in the U.S. pork industry. This year, hog producers are losing an average of \$40 per head on each hog marketed. While hog prices have moderated significantly since 2022, current losses are largely because of record-high production costs that have increased up to 50 percent over the past year, and those losses could force some producers to exit the industry, which would drive consolidation at the farm-level. This only adds to the uncertainty that already exists with tight credit markets, ongoing supply chain issues and the presence of African swine fever (ASF) in the Western Hemisphere.

A bright spot for the U.S. pork industry is its robust exports.

Pork Exports

Trade is vital to America's pork producers, who annually export about a quarter of their total production to more than 100 countries. The pork industry exported nearly \$7.7 billion of pork in 2022. Those exports equated to about \$61, or 25 percent, in value for each hog that was marketed last year, supported 155,000 American jobs and contributed more than \$14.5 billion to the U.S. economy, according to Iowa State University economists.

Despite numerous challenges, including a strong U.S. dollar, supply chain issues and unwarranted tariff and non-tariff barriers in some foreign markets, the U.S. pork industry continues to export a significant amount of pork. In fact, through May of this year, America's pork producers have shipped almost \$3.4 billion worth of product to foreign destinations compared with about \$3 billion for the same period last year, a 13 percent increase.

Annual exports of U.S. pork have been increasing for the past several years, generally because of improving economies and a rising middle class in countries worldwide. Other factors driving those increases include the emergence of robust hotel and restaurant industries in some nations – particularly as world travel has become relatively easier and affordable. Additionally, several important U.S. export markets in Southeast Asia, for example, have been battling ASF for the past several years, creating demand for increased pork imports and benefiting U.S. producers.

Trade Deals Key to Increasing Exports

The biggest reason for U.S. pork export growth over the past two decades, though, has been trade initiatives, whether free trade agreements (FTAs), less-formal trade and investment framework agreements (TIFAs) or one-off market access deals. Through such initiatives, the United States moved from a net importer to a net exporter of pork in 1995.

Just how important are trade initiatives? Consider that the U.S. pork industry exports more pork to the 20 countries with which the United States has FTAs than to the rest of the nations of the world combined.

In addition to comprehensive trade agreements granting better market access for U.S. pork, they usually are the best avenue for getting trading partners to accept U.S. agricultural science-based standards and for broader non-tariff market access issues to be resolved.

So, policies that foster the free flow of goods and expand export markets – mostly through trade agreements – are critical to the continued success of America’s pork producers, U.S. agriculture and the overall American economy.

NPPC is encouraged by the Biden administration’s efforts to forge closer economic ties with countries around the world, including through the Indo-Pacific Economic Framework for Prosperity (IPEF), the U.S.-Taiwan Initiative on 21st Century Trade and efforts in the Philippines, for example.

But to benefit America’s farmers and grow U.S. exports, such trade deals must address market access and must eliminate tariffs on and non-tariff trade barriers to U.S. pork and other U.S. agricultural products.

Trade-Limiting Issues Affecting U.S. Pork Trade

Like much of agriculture, the pork industry is dealing with a lack of available workers. The labor shortage was already a problem before COVID and was exacerbated by the pandemic. It is still an issue, with farms facing job vacancies despite offering good wages and benefits. Further, many pork packing plants lack enough workers to run second and/or Saturday and Sunday shifts, making it difficult for supply to keep up with demand, including for export markets.

Expanding the existing H-2A visa program to allow year-round agricultural workers, including packing plant workers, without a cap on the annual number of visas available is the only solution. Currently, the visa allows only temporary seasonal labor.

A potential regulatory matter that may affect trade is the USDA Food Safety and Inspection Service’s proposed rule on “Product of the USA” labeling for meat. Given that the regulation includes the same standard as a Country-of-Origin Labeling (COOL) statute that Congress

repealed in 2015, there are concerns among the U.S. meat and poultry industries that Canada and Mexico will challenge the rule with the World Trade Organization as an unfair non-tariff trade barrier and be authorized by the WTO to impose retaliatory tariffs on the United States as they did on COOL.

The biggest existing potential impediment to trade is the country's aging infrastructure, a critical link in the food supply chain. Deficiencies in roads and bridges have been detailed over the past two decades, and suppliers have been warned for some time about an impending dearth of truckers to haul goods. Both issues should be addressed.

More recently, attention has turned to the country's shipping ports, which need to be modernized. But the current issue threatening that part of the supply chain is labor strife. The union representing port workers from San Diego to Seattle and the organization that represents West Coast port facilities have been negotiating for about a year on a new labor agreement, with dockworkers occasionally using work slowdowns as a bargaining ploy.

Such disruptions in the supply chain, though, can be disastrous. Strikes and slowdowns at the same ports in late 2014 into early 2015 cost the U.S. meat industry millions of dollars in lost export sales and, in some cases, lost foreign customers.

Shipping ports are particularly important for U.S. agriculture. The U.S. pork industry, for example, sends about 60 percent of its exports by ocean freight, with the vast majority going out through West Coast ports to Asia – three of the industry's top export markets are China, Japan, and South Korea. Pork producers can ill-afford to have this vital link broken.

Finally, African swine fever (ASF) is another factor that could not only limit U.S. pork trade but stop it outright. While the swine-only viral disease has helped boost U.S. pork exports to some countries stricken with ASF, such as China and the Philippines, now that it has been detected in the Western Hemisphere (the Dominican Republic and Haiti in mid-2021), it poses a bigger threat to the United States than it did when it was mainly confined to Southeast Asia and Eastern Europe. An outbreak here would reverberate throughout the farm economy, not only devastating

the pork industry but other U.S. proteins and the corn and soybean farmers who provide feed to livestock.

That's why the U.S. pork industry is working with USDA and other federal agencies to help stop the spread of ASF and to prevent the disease from reaching the U.S. mainland. Following its detection in the Dominican Republic and Haiti, the Agriculture Department dedicated \$500 million in Commodity Credit Corporation (CCC) funds to prevent and prepare for ASF. More must be done to keep this high-mortality disease out of the United States.

To that end, NPPC is continuing to ask Congress to provide funding for additional staff for the USDA Animal and Plant Health Inspection Service's Veterinary Services field force, more money for the National Animal Health Laboratory Network (NAHLN) and support for U.S. Customs and Border Protection (CBP), the first line of defense in keeping agricultural contraband that could carry foreign animal diseases out of the United States.

Conclusion

The importance of trade to the U.S. pork industry and to the entire U.S. economy cannot be overstated. Exports account for nearly a quarter of U.S. pork production and contribute significantly to the bottom line of every U.S. pork producer and to U.S. agriculture's balance of trade.

Free and fair trade has helped the United States become an economic powerhouse. To maintain that position, the country must expand trade in existing markets and open new markets, and it must resolve issues, including with supply chains, that could negatively affect the ability to trade.

That means negotiating comprehensive trade agreements that eliminate or significantly reduce tariffs on and non-tariff barriers to U.S. exports; expanding market access in countries around the world; addressing the country's labor shortage; modernizing America's infrastructure; keeping the United States free from ASF; and adequately funding the federal agencies that deal with foreign animal diseases.



7/1/2023

The United States House Committee
Ways and Means
1139 Longworth HOB
Washington D.C. 20515
Phone: 202-225-3625
Fax: 202-225-2610
Attn: Chair Jason Smith

Re: Trade in America: Agriculture and critical supply chains – Kimball, MN

Dear Honorable Chair Representative Jason Smith,

My name is Eric Jorgenson. I am the President of the Northharvest Bean Growers Association. The organization represents 2400 dry bean farmers in Minnesota and North Dakota. I want to thank you for hosting the "Trade in America: Agriculture and critical supply chains" hearing in our representative region of Minnesota.

Trade is a critical priority in our dry bean food network. Whether we are working on international trade efforts, or domestic trade avenues at home we are trying to feed the general public. Since the pandemic, the agriculture community has encountered countless hurdles whether that be retaliatory trade tariffs, transportation logistics failures, weather related complications, employment shortages, and port closures/stoppages. Whether it is trade policy or physical infrastructure, the need is critical for all of us working in the agriculture & trade arena to get our products to market.

I sincerely want to thank the United States House Committee on Ways & Means for having this discussion and keeping our concerns and struggles top of mind. Thank you for researching tools to keep our nation running strong in the movement of products across our nation and world. Your guidance is crucial to the needs of the U.S. farmer.

I did want to mention a few support programs we rely on to keep the dry bean industry strong. The USDA-FAS offers funding through the Market Access Program (MAP) and the Foreign Market Development Program (FMD). It is critical we maintain strong funding for these programs. In a farm bill year, we would advocate increasing the strength of these programs when developing world markets for our farmers. We have worked hard in coordination with USDA-FAS, North Dakota and Minnesota Trade offices, and the Great Lakes-St. Lawrence Governors & Premiers to expand trade and remove barriers to trade. These are all federally funded groups that remain core to the dry bean industry. We are longtime partners with the U.S. Dry Bean Council who concentrates on developing world markets. The funding

mechanisms mentioned are key to their existence providing education, research, and promotion efforts to all markets. The USTR has been strong in helping us remove barriers. We encourage these folks to be given all the necessary resources to allow them to do their negotiations with world governments to the best of their ability.

In shifting my thoughts to the domestic market which accounts for a strong 80% of our dry bean sales. We compliment the administration for the strong support given to the local farm to school programs. Minnesota and North Dakota are growing funding for this program and with USDA's support to build regional resource centers, we feel confident that our 64 bean dealers/processors across North Dakota and Minnesota can assist to getting more nutrient dense dry beans into the local school systems and local community feeding programs. We are very excited about this development and hope we can help in feeding local products to local communities.

While exciting projects like this are being developed, we need to concentrate on making sure we have a strong resilient infrastructure to move our products. This may be one of our biggest hurdles in moving food products today. There have been a lot of really good developments over the past couple years so there is a lot of great work being done but we need to keep keying in on expansion. The United States is a breadbasket for the world with our farmers production. Thank you to the House Ways and Means Committee for allowing me to testify on behalf of our 2400 farm families.

Sincerely,



Eric Jorgenson
President
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July 24, 2023

VIA ELECTRONIC DELIVERY: WMSubmission@mail.house.gov

The Honorable Jason Smith
Chairman
U.S. House Committee on Ways and Means
1102 Longworth Hob
Washington, DC 20515
WMSubmission@mail.house.gov.

RE: Comments on the “Field Hearing on Trade in America: Agriculture and Critical Supply Chains – Kimball, Minnesota”

Dear Chairman Smith:

The Fertilizer Institute (TFI), on behalf of its member companies, respectfully submits the attached responses to the Ways and Means Committee solicitation for comments on the “Field Hearing on Trade in America: Agriculture and Critical Supply Chains – Kimball, Minnesota”.

STATEMENT OF INTEREST

TFI represents the nation’s fertilizer industry, and its members are engaged in all aspects of the fertilizer supply chain. Half of the global food supply is made possible only through fertilizer use. With the world’s population expected to exceed 10 billion people by 2050, fertilizers will become even more essential to increasing yields on existing farmland to feed the ever-growing population. The U.S. fertilizer industry has a substantial economic impact, generating over \$130 billion annually and supporting nearly 500,000 jobs.

Fertilizer is produced using primarily three macronutrients: nitrogen (N), phosphorus (P), and potassium (K)¹. Phosphate, a form of P, and potash, a form of K, are the second and third leading nutrients for fertilizer production, respectively. As such, protecting the availability of both phosphate and potash is crucial for the continued success of the fertilizer industry. Both nutrients were excluded in the Department of Interior's (DOI) 2022 list of critical minerals, a concerning revelation given its importance to the agricultural sector. In the DOI’s previous iteration, potash was listed as critical, but phosphate was once again absent.²

¹ “Nutrient Science,” TFI, February 9, 2020, <https://www.tfi.org/our-industry/intro-to-fertilizer/nutrient-science>.

² “U.S. Geological Survey Releases 2022 List of Critical Minerals,” USGS | Science for a Changing World, February 22, 2022, <https://www.usgs.gov/news/national-news-release/us-geological-survey-releases-2022-list-critical-minerals>.

TFI is currently pursuing the passage of a marker bill, H.R. 4059, that will include both phosphate and potash onto the DOI's critical minerals list. This bill is sponsored by Rep. Kat Cammack (FL-03), and it will ensure the sustainability of a consequential element of our nation's food supply.

TFI'S COMMENTS

Both potash and phosphate fulfill the criteria defined for critical minerals as outlined in The Energy Act of 2020, specifically in relation to national security concerns, supply chain vulnerabilities, and their vital role in supporting agriculture. However, despite meeting these criteria, both minerals were not included in the Department of Interior's (DOI) 2022 list of critical minerals. While potash was listed as critical in 2018, phosphate was once again absent, likely due to the application of the second criterion.

The importance of addressing this issue becomes evident when examining the global landscape. China's dominance in phosphate fertilizer exports, accounting for 25% of all globally exported processed phosphates, and Russia's control over 10% of the market through phosphate export quotas, expose the fertilizer market's susceptibility to supply shocks. Similarly, in the case of potash, 40% of the market's supply is reliant on Russia and Belarus, and geopolitical conflicts, such as war, have significantly impacted the trade flows of this essential commodity.

It is important to note that the proposed bill does not compromise any environmental review processes. While most critical minerals are currently geared towards supporting the electric vehicle (EV) supply chain, the inclusion of phosphate and potash on the critical mineral list would send a positive signal to the market. Such recognition from the United States signifies the nation's commitment to strengthening the domestic fertilizer industry, acknowledging its strategic significance and contributing to overall supply chain resilience and national security.

In August 2021, Belarus faced sanctions imposed by the U.S. and several Western countries, leading to disruptions in potash fertilizer exports. Subsequently, in October 2021, China significantly restricted exports of phosphates and nitrogen fertilizers to safeguard its domestic supplies. In November 2021, Russia implemented quotas on phosphate fertilizer exports, further complicating the global fertilizer trade landscape³

In February 2022, the United States Geological Survey (USGS) removed potash from its critical minerals list, coinciding with Russia's invasion of Ukraine. The ongoing Russia/Ukraine war, coupled with the sanctions imposed by the U.S. and Western nations against Russia, created logistical and financial challenges for exports.

While Canada stands as a major producer, contributing 38% of the world's potash supply and listing potash on their critical minerals list, the U.S. supply chain experienced several disruptive factors in recent years. Canadian rail strikes and the cross-border vaccine mandate, in effect from January 2022 to May 2023, were among the contributing factors. The situation escalated further with the port strike in Vancouver, Canada, significantly impeding the U.S. potash supply chain, leading to a slowdown in Canadian production.

³ Reuters. (2021, August 9). U.S., EU, Canada slap sanctions on Belarusian potash. Retrieved from <https://www.reuters.com/business/us-canada-eu-sanction-belarusian-potash-2021-08-09/>

These series of events underscore the critical importance of fortifying domestic supply chains for essential minerals, including potash and phosphate, which are vital for the agricultural sector and the nation's food security. As we navigate through the complexities of global trade and geopolitical dynamics, it becomes paramount to address these challenges strategically and ensure the resilience of our supply chains for the prosperity and stability of our nation.

On June 23, 2023, the Secretary of Agriculture, Tom Vilsack, announced a strategic partnership aimed at bolstering domestic fertilizer production. Stressing the importance of investing in robust, homegrown agricultural supply chains, Secretary Vilsack highlighted the Fertilizer Production Expansion Program as a pivotal initiative undertaken by the Biden-Harris Administration to fortify the nation's supply chains and ensure long-term resilience⁴

However, despite mounting evidence to the contrary, the USGS persists in its stance that phosphate and potash fertilizers are not susceptible to supply chain vulnerabilities. In response to legislative technical assistance, the USGS presented data, including some erroneous import/export information, suggesting that potash and phosphates do not currently meet the threshold to be considered critical minerals⁵

The USGS indicated that potash, despite its significance to the economy, was removed from the list of critical minerals in the 2022 update due to a high dependence on imports, primarily sourced from Canada. While the US relies on imports for over 90% of its potash consumption, more than 75% of those imports are consistently met by Canada, a dependable and reliable trading partner. Furthermore, the substantial domestic capacity of potash, supported by active mining and development projects across multiple states, serves as a mitigating factor in reducing supply chain vulnerability.

Similarly, in the case of phosphate rock, which is also considered an essential mineral to the economy, it did not meet the NSTC quantitative evaluation criteria, consequently being excluded from the list of critical minerals. The US was reliant on imported phosphate rock for 12% of its consumption in 2022, with Peru accounting for 87% of these imports. Nevertheless, the USGS emphasized that domestic production of phosphate rock plays a fundamental role in maintaining a low supply-chain vulnerability for this critical mineral.

Despite the USGS's assessment, it remains crucial to continually reevaluate and monitor the dynamics of the global fertilizer market and its potential impacts on national food security and supply chain resilience. Initiatives like the Fertilizer Production Expansion Program represent essential steps towards reinforcing domestic fertilizer production capabilities and enhancing the nation's ability to navigate potential challenges in the future.

CONCLUSION

TFI appreciates the Ways and Means Committee's consideration of these comments on the field hearing. Should you have any questions regarding our comments, please contact me by telephone at (202)-515-2714 or by email at ethomas@tfi.org

⁴ USDA. (2023, June 23). Secretary Vilsack Announces Partnership to Expand Domestic Fertilizer Production. Retrieved from <https://www.usda.gov/media/press-releases/2023/06/23/secretary-vilsack-announces-partnership-expand-domestic-fertilizer-production>

⁵ USGS. (Year, Month Day). U.S. Geological Survey Response to Legislative Technical Assistance on Critical Minerals, Potash and Phosphate Rock.

Sincerely,

A handwritten signature in black ink, appearing to read "Ed Thomas", with a long horizontal flourish extending to the right.

Ed Thomas

Vice President of Government Affairs